



Daily Report

East Europe

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Text of Plan Details Proposals for Sea Access

AU2209190793 Paris AFP in English 1849 GMT
22 Sept 93

[Text] Geneva, Sept 22 (AFP)—Bosnian Moslems and Serbs will both get access to the Adriatic Sea under a partition plan for Bosnia-Herzegovina agreed in the latest round of talks, according to the agreement's text released Wednesday [22 September].

The agreement, reached in talks Monday between the three warring factions on the British aircraft carrier HMS Invincible, also envisages Serb concessions to Moslems in the east of the country and the phased, conditional lifting of sanctions against Belgrade.

Mediators hope the agreement dividing the country into three ethnic republics will be signed by the Moslems, Serbs and Croats before the end of next week as long as the parliament in Sarajevo gives its approval, spokesman John Mills said.

The Bosnian Serbs, who occupy more than two thirds of Bosnia-Herzegovina and have proclaimed their own republic, would have an outlet to the Adriatic stretching 10 kilometres (six miles) from Molunat to Ostro around 30 kilometres (18 miles) east of Dubrovnik on the Croatian coast.

But the agreement depends on Croatia and the rump Yugoslavia normalising relations, strained over the crisis in Krajina, an area declared independent by ethnic Serbs separatists in Croatia, the text said.

As soon as relations are normalised there will be a treaty allowing the Bosnian Serb republic to have access to the sea and for Croatia to be compensated so it will not suffer any loss of territory, the agreement says.

The opening onto the sea would be close to Croatia's border with Montenegro, Serbia's ally in what remains of Yugoslavia. No Serb-held territory in Bosnia currently borders on the sea.

Bosnian Moslems will get three access points to the sea including a river port on the Neretva estuary, a 99-year lease on a dock in the port of Ploce and access through Neum on the coast, the agreement says.

But there was uncertainty over access through Croat-controlled Neum, with the Croatian Foreign Minister Mate Granic saying Tuesday in Zagreb that there was no question of the port being ceded to the Moslems.

Sanctions against the the republics of Serbia and Montenegro will be lifted under the accord "provided there is clear evidence of good faith implementation of all aspects of the present agreement, in particular the withdrawal of forces to the agreed boundaries of the three republics."

The Serbs also accept an enlargement of a Moslem enclave around Gorazde and the link between the town and Zepa.

An accord signed on September 16 between Bosnian President Alija Izetbegovic and the president of the Bosnian Serb parliament, Momcilo Krajisnik, stressed the "natural right" of the two proposed republics, Moslem and Serb, to enjoy access to the sea.

Under a partition plan brokered by United Nations and European Community mediators in Geneva, Bosnia-Herzegovina is to be split into three ethnically-defined republics, one each for Moslems, Croats and Serbs.

UN mediator Thorvald Stoltenberg told reporters in Brussels that the factions have "never been closer to a peace agreement", and Owen said the mainly-Moslem government in Sarajevo held the key to an eventual settlement after winning new concessions.

Mediators: Peacekeepers Could Be Out in 2 Years

AU2209151593 Paris AFP in English 1456 GMT
22 Sep 93

[Text] Brussels, Sept 22 (AFP)—The bulk of any peace-keeping force sent to Bosnia-Herzegovina could be withdrawn within two years with some troops possibly pulled out in four to six months, peace mediators said Wednesday [22 September].

Lord Owen and Thorvald Stoltenberg said after talks with NATO officials here that local warlords would be the main challenge to the estimated 50,000 troops likely to be sent to Bosnia once a settlement was signed.

Military experts have suggested the NATO soldiers, half expected to come from the United States, might have to stay in Bosnia for several years or even decades. But Stoltenberg stressed the draft agreement specified two years.

"This is a country with a tradition for administering itself," he said, expressing confidence the warring parties would respect any accord. "We may see (in) up to two years that the great majority of the forces can be withdrawn."

Owen said, "If you go in fast, firmly with a serious, credible force you may well be able to get your numbers down after the initial period of, say, four to six months. You needn't necessarily keep the same numbers."

Manfred Woerner, secretary general of the North Atlantic Treaty Organisation, said that "in principle we are prepared to participate (in policing an accord) but under the authority of the United Nations."

But the mediators and Woerner all emphasised the need for tough rules of engagement for any force to implement a settlement of the 18-month-old conflict embroiling Bosnian Serbs, Moslems and Croats.

Owen told reporters the operation would have to be under chapter seven of the UN charter, which allows

offensive combat operations, rather than under the more limited defensive rules designed for humanitarian actions.

Woerner said the 16-member alliance also needed an unambiguous mandate and clear objectives. "Credibility and efficiency are necessary conditions for an engagement of NATO in the implementation."

He added: "If we take over our share of the responsibility then of course (it is) only for a limited time... There will be no unlimited commitment, let me make that clear."

Owen said that the eventual force could include non-NATO members from Scandinavian, Slavic and Islamic countries but would need an "inner core of credibility and coherence."

He said such a core was missing from the 14,000-strong U.N. force in Croatia which has failed to keep together a peace accord negotiated 20 months ago. The lesson drawn was the need for unified command under a group such as NATO.

NATO ambassadors discussed preliminary planning with Owen and Stoltenberg here Wednesday. Alliance sources said the plans were in an advanced state and would likely be completed by early next week.

Woerner said that the ambassadors did not discuss the thorny question of who would run the operation. The United States wants NATO to be in charge but countries such as France and Britain insist the United Nations have control.

The NATO chief and the mediators were confident the issue could be resolved. Sources have said the most likely outcome was to have NATO running day-to-day operations with the United Nations assuming overall political control.

Stoltenberg earlier told reporters the mediators have "never been closer to a peace agreement" and Owen said the Moslem-led government in Sarajevo held the key to an eventual settlement after winning new concessions.

While NATO officials are speaking of an implementation force of 50,000 troops, diplomats suggest the figure might be closer to 65,000, including the 10,000 already in Bosnia and 5,000 redeployed from Croatia.

There was little indication where the extra troops would come from outside the United States. France and

Britain, which supplied most of the manpower in Bosnia, say they won't send any more and other NATO member are reluctant.

UNPROFOR Says NATO Preparing To Implement Plan

AU2209190693 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 22 Sep 93

[Text] Several weeks will have to pass after the peace agreement for Bosnia-Herzegovina is signed before NATO takes control over the implementation of the contract. During this period, the UN Protection Forces [UNPROFOR] will work within the new mandate. This is what (Isebaute Van Biesenbroek) said at today's press conference.

The UNPROFOR representative did not wish to disclose all the details, but he confirmed that most of the U.S. officers who have been flying in lately have been assigned to make detailed surveys of the situation on the ground and begin the necessary preparations. In response to whether it was possible to implement the plan to monitor the 800-km long frontline with 50,000 troops, (Isebaute Van Biesenbroek) said that no one as yet had definite figures regarding the number of troops that would conduct the operation. He added that everything would be clear once the peace agreement is signed.

Owen Hopes Parliament Approves Partition Plan

AU2209181893 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 22 Sep 93

[Text] David Owen and Thorvald Stoltenberg, cochairmen of the peace conference on the former Yugoslavia, today submitted a report to NATO about circumstances for the ending of the war in Bosnia-Herzegovina. They met in Brussels with the NATO Secretary General Manfred Woerner, other military officials, and the ambassadors of this organization.

Upon arrival, Owen told the assembled journalists that he hoped that next Monday [27 September] the Bosnian Parliament would approve the plan for partitioning Bosnia-Herzegovina into three republics, despite President of the Presidency Alija Izetbegovic's reservations. Owen stressed that negotiations on territorial division would continue after the peace plan is accepted in principle. However, very little could be done before that.

Stoltenberg said that the forces to be deployed in Bosnia-Herzegovina have to be capable of efficiently policing the agreement. According to him, this will be decisive for both the establishment and maintenance of peace.

Zhelev Meets With Leaders on Russian Situation

AU2209152593 Sofia BTA in English 1454 GMT
22 Sep 93

[Text] Sofia, September 22 (BTA)—Bulgarian President Zhelyu Zhelev is carefully and anxiously following the events in Russia. He hopes that the problems which have arisen there will be resolved in a peaceful and democratic way, which is in the interests of Russia and of peace and security in Europe and the world. President Zhelev's hopes stem from the parliamentary elections which have been scheduled by President Yeltsin for December, this year. The painful progress of the democratic processes in Russia shows the paramount importance of democratic values, of democratically elected institutions and their stability. President Zhelev trusts those who are working for Russia's reform and democratization, the President's Press Office told BTA.

President Zhelev discussed the reports on the development of the situation in Russia with National Assembly Chairman Aleksandur Yordanov, Prime Minister Lyuben Berov, Deputy Foreign Minister Dimitur Ikonomov, and the heads of the Parliamentary Committees on Foreign Affairs and National Security Mr. Yunal Lyutfi and Mr. Nikolay Slatinski.

Socialist Leader Comments

AU2209183693 Sofia Bulgarska Televiziya Network in Bulgarian 1700 GMT 22 Sep 93

[Text] Here is a statement issued by Zhan Videnov, chairman of the Supreme Council of the Bulgarian Socialist Party:

We have learned with concern of the political crisis in the supreme power of the Russian Federation, caused by the decrees and actions of President Boris Yeltsin.

In view of Russia's role and position as a great power, the political crisis that has been provoked conceals unforeseeable dangers both for the peoples of Russia and for peace, security, and cooperation throughout the world, including the Balkans.

We hold the view that the existing conflicts between the central state institutions of Russia cannot provide any grounds for anticonstitutional actions and the usurpation of powers. These conflicts should be resolved through interaction and dialogue between all the competent representatives of the supreme power, within the framework of their constitutional powers, and in the name of the democratic changes and reforms in Russian society.

Daskalov News Briefing on Talks With EC, NATO

AU2209204193 Sofia BTA in English 1829 GMT
22 Sep 93

[Text] Brussels, September 22 (BTA)—Bulgaria's Minister of Foreign Affairs Stanislav Daskalov gave a news

conference here today on the results of his participation in yesterday's political consultations at the foreign minister level between the EC and the six associated countries.

At the news conference, Mr. Daskalov focused on the situation in the former Yugoslavia, the entry into force of the interim trade agreement between Bulgaria and the EC, and the results of his meetings with top EC and NATO officials.

Deputy Foreign Minister Todor Churov, who is on the Bulgarian delegation, met with the French and the German ambassadors to the EC and with Ambassador Holthof, deputy secretary general of the Western European Union.

Mr. Daskalov is scheduled to meet with Mr. Hans van den Broek, the EC commissioner for external relations, after which the Bulgarian delegation will leave for home, the Bulgarian Foreign Ministry announced.

North Atlantic Assembly Head Addresses Parliament

AU2209070093

[Editorial Report] Sofia Khorizont Radio Network in Bulgarian at 1208 GMT on 21 September broadcasts a live relay from the National Assembly building in Sofia of a special National Assembly session at which North Atlantic Assembly President Loic Bouvard addresses National Assembly members.

Except for a few opening words in Bulgarian, Bouvard speaks in French for a total of 27 minutes, including pauses to allow consecutive translation into Bulgarian. He says he has come to Bulgaria "to strengthen the ties that already unite us" since Bulgaria became an associate member of the North Atlantic Assembly three years ago. He says that he is convinced that "Bulgaria has an important role in all respects" and that "it will be fulfilled."

Bouvard then recapitulates Bulgaria's progress toward democracy and the market economy and its record in defending human and minority rights. He praises Bulgaria for its "careful but also bold foreign policy that makes you a pole of stability, providing an example in the Balkans." He praises Bulgaria for establishing good relations with Turkey and Greece, members of NATO, which "should really serve as an example" to others. He notes Bulgaria's initiative in proposing a "Helsinki process" for the Balkans even before the Yugoslav crisis developed, an initiative that "unfortunately has remained only a fashionable concept."

He praises the Bulgarian Government's "firmness in strictly applying the sanctions against the former Yugoslavia, whatever it may cost your people. This shows your adherence to the norms and commitments" assumed within the CSCE framework. Bouvard declares

that "in my own view and according to our view, your claims for compensation are fully justified and should be honored."

Later, Bouvard says that, in view of the stabilizing influence of her foreign policy line, in his opinion the countries of Western Europe should open their doors to Bulgaria to promote Bulgaria's economic development.

At 1228 GMT, he speaks of the North Atlantic Assembly's paramount aims, namely to ensure the security and economic prosperity of the whole of Europe. In Bouvard's view, to achieve these goals, the NATO alliance should continue to perform her three main roles: to defend its members against possible aggression, serve as a forum for consultations on security matters, and act as a fulcrum for North America's commitment to Europe. He adds that NATO must even extend its activities in order to combat nationalism and sectarianism. He says that NATO has to implement the decisions taken last year by the CSCE on averting and controlling crises; it should continue to play a major part in UN peace-keeping operations, "including in the former Soviet Union."

The North Atlantic Assembly will help the countries of Eastern Europe implement the assembly's goals, arrange meetings at the parliamentary level, hold seminars, and so on.

Bouvard praises the joint declaration by Yeltsin and Walesa last month, when Yeltsin said that "Poland's intention to join NATO—I quote—does not contradict the interests of other countries, including Russia." Bouvard says that he will urge that the NATO members actively consider expanding the alliance by accepting new members. He says that the European Community and NATO "represent the two poles of prosperity and security in Europe." He reminds his audience that "union creates strength." He notes that Nikolay Slatin-ski, as a special rapporteur of the North Atlantic Assembly's Defense and Security Commission, has put forward Bulgaria's application for NATO membership.

Bouvard reiterates the North Atlantic Assembly's role in promoting a free and united Europe. In conclusion, he conveys a message from the North Atlantic Assembly to the Bulgarian National Assembly deputies, that "you may rely on us to help you in your new revival, just as we rely on you to work to build a lasting peace because we form one single European and Atlantic family." He says that "we await with impatience... the time when it will become possible to accept Bulgaria into NATO."

The live relay ends at 1242 GMT.

Agriculture Ministry Expert on Sowing Problems

*AU2109152393 Sofia BTA in English 1416 GMT
21 Sep 93*

[Report by Ekaterina Kazasova: "Half of Material Needed for Autumn Sowing Available"]

[Text] Sofia, September 21 (BTA)—Only half of the material needed for the autumn sowing—seeds, fertilizers and plant protection chemicals—is available, Polina Stefanova, head of the Plant Growing Department of the Agriculture Ministry, told a news conference today.

Quoting data of the regional farming services, she said the liquidation councils and farming cooperatives are going to put 1.07 million ha. under wheat and 325,000 ha. under barley. Information about the plans of private farmers is incomplete but the area under both crops is expected to increase, said Ms. Stefanova. To meet requirements, this country needs 1.15 million ha. under wheat, 0.37 million ha. under barley and 10,000 ha. under rye, according to Ms. Stefanova.

Some 290,000 tonnes of wheat and 81,000 tonnes of barley are needed to sow these areas, according to experts of the ministry. Many liquidation councils will have to buy seeds as the drought this summer damaged the seed plots. The seeds and planting material company is expected to provide at least 15 percent of the seeds needed in the autumn sowing.

It is alarming that unchecked seeds are being used. According to the ministry, 176,000 tonnes of wheat seed and 44,000 tonnes of barley seed have been provided for grading, which is half the required amount. Analysis shows that the proportion of first-grade seeds is going down, Ms. Stefanova said, due to adverse weather conditions.

70 percent of the equipment is ready to till the land and plant the seeds. This is enough to complete the sowing in time, according to ministry experts.

The available fertilizers meet only 40 percent of requirements, which are 92,000 tonnes of nitrogen fertilizers, 154,000 tonnes of phosphate fertilizers and 123,000 tonnes of potassium fertilizers. However, farms cannot afford to buy them. In some regions the stock of fertilizers is far below the required minimum: 20 percent in the Montana region (northwestern Bulgaria), and 25 percent in the Sofia, Lovech (northern Bulgaria) and Plovdiv region each.

Next year's crop is in the hands of the MP's, who should urgently extend the financing of the Autumn and Spring Sowing Act, Ms. Stefanova said. In 1992 it passed as late as December, guaranteeing 320 million leva in tied credits. The sum needed this year is estimated at 6,500 million leva by experts.

Reaction to Current Situation in Russia

Klaus Comments

LD2209164493 Prague Radiozurnal Radio Network in Czech 1600 GMT 22 Sep 93

[Excerpt] *The cabinet is in session in Prague. Jana Zemanova reports about its progress so far.*

[Zemanova] The cabinet meeting attended by President Vaclav Havel has managed to discuss three ranges of problems so far. First of all, he commented on the latest development in Russia. This is what Premier Vaclav Klaus said on this topic:

[Begin Klaus recording] We know that the latest development is merely a part of a very, very difficult situation which has arisen in Russia of late. I think it is very difficult to say whether it is merely yet another episode or whether it is a qualitatively new step in this entire development. I think that the Czech government is inclined to perceive it as yet another episode in this very obscure internal political development in today's Russia.

We believe that success will be reached in preserving the basic reform trends, both in the political and democratization sphere as well as in the economic one. We can see that the forces whose efforts are aimed at this objective are grouped around President Yeltsin and around the present Russian government. We are confident that success will be achieved in stabilizing the situation. We believe elections should be held, for they could perhaps be helpful in this situation. [end recording] [passage omitted]

Havel Comments

LD2209133693 Prague CTK in English 1156 GMT 22 Sep 93

[Text] Prague, Sept 22 (CTK)—The Russian Parliament of today is inherited from Soviet times, and needs to have people in it who truly believe in democracy. Czech President Vaclav Havel told journalists today after leaving the government session which he attended this morning.

Havel said that he hesitated to guess at future developments in Russia. I can only tell you that I would very much like it to develop. I would be very glad to see a truly democratic constitution in Russia as soon as possible, and its highest law-making authority filled with people elected in free elections, he said.

He added that he agreed with the stand taken by the Czech Government today on the question.

Ruml Makes Statement

LD2209131993 Prague Radiozurnal Radio Network in Czech 1000 GMT 22 Sep 93

[Excerpts] A regular session of the Czech Government opened in Prague today, with the participation of President Havel. The main item on the agenda is a statement on the situation in Russia. [passage omitted]

Before the beginning of the government session, Czech Interior Minister Jan Ruml spoke about the events in Russia:

[Begin Ruml recording] We have no knowledge that the situation in Russia would pose an immediate threat to the Czech Republic. Naturally, we are monitoring the situation on the border and the embassy is keeping our authorities informed on the latest developments. We have adopted no special measures so far. Naturally, we are in possession of emergency plans for dealing with a wave of refugees, wherever they might come from. All units of the Ministry of Interior that specialize in dealing with refugees are in a state of alert. If the need arises we will have to cope. [end recording]

Russian Envoy Supports Yeltsin

LD2209181393 Prague Radiozurnal Radio Network in Czech 1509 GMT 22 Sep 93

[Studio interview with Aleksandr Lebedev, Russian Federation ambassador to Czech Republic, by unidentified announcer—live]

[Excerpts] [Announcer] I welcome in the studio Aleksandr Lebedev, ambassador of the Russian Federation to the Czech Republic. Hello. How do you see the situation in Russia at the moment?

[Lebedev] Well, first of all I should like to say that the situation in your country is possibly somewhat worse than in our country because your elevators do not work. In the radio building I mean. I hope, naturally, that in normal buildings elevators are normal—that is why I am out of breath.

I talked about this matter today with President Havel. I informed the Czech government yesterday, through First Deputy Minister of Foreign Affairs Vondra, about the situation. I did not have enough information then for them to decide upon things and discuss them and so on. Today I have a little bit more information. Naturally, it is not yet adequate, but I can judge matters now with a certain degree of responsibility.

The situation is calm in the sense that the elevators are working, there is no coup there in the strict sense of the word.

[Announcer] Do you consider what President Boris Yeltsin did—that is, he announced the dissolution of

parliament—as a normal development in Russia, something that has been long expected? In fact nobody should be surprised that President Yeltsin embarked on such a step.?

[Lebedev] Frankly speaking, as far as I am concerned, I would have recommended that this be done four or five months ago, immediately after the referendum, because that was a completely adequate and legitimate reason for such an action. I think that Russia is among the very few democratic states where the president has no right to dissolve parliament. I would also not like to refer to the Supreme Soviet as parliament. Truly, in this sense, it is not possible. And I would not like to refer to Speaker Khasbulatov as a speaker because, maybe, Khasbulatov does not even know what the word speaker means. In this sense, I would say, the normal, constitutional norms are not valid for us. In any case if somebody says—and now everybody says that the existing Supreme Soviet is parliament—so naturally, in this case the president should have the right to dissolve the parliament. This is the right of every civilized state.

I should like to add the following: Yeltsin immediately announced the date of the new elections—11 and 12 December. And that is important. That means that power has not been taken by some kind of Pinochet.

[Announcer] I do not think anybody thinks that.

[Lebedev] Naturally, but some less serious people may think so. [passage omitted]

[Announcer] Ambassador, what do you think about the proposal of Constitutional Court Chairman Zorkin that a presidential election, together with a parliamentary election, take place immediately?

[Lebedev] That is a question for the lawyers. It is a very abstract and theoretical question. I think that you are right and that the question exists. Our situation is not a standard situation. If Mr. Zorkin says something from the point of view of an abstract and existing law, I would rather advise him (?to obey the law in his post) because, unfortunately, in his post he presents himself as a politician and is not an objective and unbiased lawyer, unfortunately. It would be better if he acted in a different manner. [passage omitted]

Klaus Reaffirms Criticism of TV News Coverage

AU2109155393 Prague CTK in English 1319 GMT
18 Sep 93

[Excerpt] Prague, Sep 18 (CTK)—[Passage omitted] In an interview with the independent TELEGRAF Klaus comments on the reply by head of Czech Television Ivo Mathe to a government letter expressing indignation at Czech Television's failure to cover government participation at the opening of the 35th International Engineering Trade Fair in Brno on September 15.

Asked whether the letter conveyed solely his personal view or that of the entire cabinet Klaus says that when

the government sends some document it is usually the premier who signs it. It does not automatically ensue from my signature that it was my initiative, Klaus says. The cabinet discussed the matter at its meeting in Zidlochovice, south Moravia, and I did not draw up the text of the letter. It was formulated by the government which then charged Czech Education Minister Petr Pitha to put the finishing touches to it. Then members of the cabinet read the letter again and approved it, Klaus says. I influence many things directly but in this case I must say that I have not added a line to the letter. This means that the letter was decided on by the government and there is a written record about it, he adds.

He rejects the view that Czech Television's insufficient coverage of the opening of the trade fair in Brno was merely the mistake of one editor, although he admits that such things may happen. Klaus adds that if the government, for example, works out a bad budget it may be a mistake of one person but in any case it would have an objective impact on all citizens of this country. This applies equally to news coverage of the major media, which has such an impact that it is impossible to talk about subjective reasons, Klaus says.

Havel Addresses Brno Anniversary Celebration

LD2109202993 Prague Radiozurnal Radio Network in
Czech 1300 GMT 21 Sep 93

[Speech by President Vaclav Havel from Brno, marking 750th anniversary of Brno—live]

[Excerpt] [Passage omitted] There is present in the culture of this city a factor of a calm detached view, detachment, and humane understanding that was at one time embodied for instance in LIDOVE NOVINY, established and published in Brno. Moreover, Brno was a city where various nationalities have led creative coexistence and where the basic values of civic society were therefore, formed and nourished. I believe that by making various attempts to draw attention to Brno and Moravia by evoking demons of nationalism, by which a few recent alarmists are attempting in the situation of freedom to cure their damaged self-confidence [applause], are rather betraying local good tradition then fulfilling it. [applause] Brno will not build its authority, weight, and respect by calling for its own government and parliament, but by being an example to the current troubled Central Europe by its sense for coexistence and cooperation, and by its contribution to European integration efforts based on the idea of unity in variety. [applause]

As an important regional center, as a metropolis of international economic life, as a guardian of law and the nurturer of civic coexistence, and as a specific cultural point on the map of Europe, Brno can today address anyone, and its best path to glory lies in confident creative work following up in its best traditions;

[applause] On those traditions which we are reviving this year—750 years since the city of Brno was granted town status.

Esteemed friends! Shortly we are going to mark another anniversary. It will be 55 years since the mobilization in September 1938. That event has remained in the shadow of the Munich diktat and betrayal. This is a pity since it was a moment when our nation demonstrated that when things get really tough it can be united, stand up for its cause, and clearly show its resolve to make sacrifices if saving democracy, freedom, and state independence call for it, if the fight against inhumanity, violence, and cruelty demand it. [applause]

Today fortunately, there is no danger threatening us that someone will deprive us of freedom from the outside. Despite this, and precisely because of this, we should remind ourselves again and again that we ourselves are guarantors of our own freedom. If we succumb to the feeling that since nothing is at stake today we do not have to think about the fate of the whole nation, and each merely looks after oneself, we shall pay for it bitterly very soon because we shall deprive ourselves of our freedom, security, and peace by our quarrels, disrespect for the law, and by our selfishness. [applause]

Moravia has given the world Komensky [Comenius], Masaryk, and many other great men who taught us to love our neighbor and responsibility for the fate of humankind. It is up to us to succeed today and daily translate their message into life. [applause] I congratulate Brno on its anniversary and greet you cordially. [applause]

Zieleniec Leaves on Trip to Baltic Republics

LD2209214393 Prague Radiozurnal Radio Network in Czech 1600 GMT 22 Sep 93

[Text] Czech Foreign Minister Jozef Zieleniec left today for a three-day official visit to the Baltic republics of Lithuania, Latvia, and Estonia. He gave a news conference shortly before departing and summed up the purpose of his Baltic trip.

[Begin Zieleniec recording] The talks in the Baltic republics will be aimed at establishing cooperation between the Czech Republic and the three Baltic states. We have a very specific agenda. The fact that the visit is taking place is in my view a very clear signal that the Czech Republic views the Baltic states as sovereign, independent and on their way to efficient market economy and advanced democratic society.

We have to make our relations official, including formal ones. We have to widen the Czech diplomatic network in the area. An embassy in Estonia is yet to be opened; we only have a representation there via Finland. In other areas, we have a presence, but at a lower level.

This is just part of the picture. The Baltics have not taken over the treaties of the former Soviet Union. We face

intensive work in establishing normal relations through treaties with these countries—dozens of them.

I will be personally signing agreements on trade and economy during the visit. In two countries, Estonia and Latvia, it will be an agreement on visa-free travel. An agreement on visa-free travel with Lithuania has been in force since the times of the Czechoslovak Federative Republic. [end recording]

Political Parties React to Polish Elections

AU2309092393 Prague MLADA FRONTA DNES in Czech 21 Sep 93 p 2

[Report by "li, rk": "Disparate Assessment of Polish Elections"]

[Text]

The Right Calls For Responsibility

In the opinion of the Christian Democratic Party [KDS] and the Civic Democratic Alliance [ODA], the results of the Polish elections, which were won by the left, should make the parties of the Czech Government coalition demonstrate an increased feeling of responsibility for democratic development in the Czech Republic. The elections in Poland could reinforce the feeling that the post-November [1989] development is not something that should be taken for granted. ODA Press Spokesman Jan Rejzek told MLADA FRONTA DNES.

"I see no reason why the Polish elections should have any direct impact on the Czech political scene. Some people will hopefully realize that petty personal disputes could retreat into the background and that emphasis should be placed on that which unites us," Civic Democratic Party [ODS] Chairman Vaclav Klaus told us. "The reform process in Central and Eastern Europe has broader support than just from the right wing and the dispute concerns the nature and the direction of the reforms rather than the reforms themselves," the prime minister said.

Jaroslav Orel, spokesman for the Christian Democratic Union-Czechoslovak People's Party, does not think that the next Czech elections could have a similar result to those in Poland. "There is a substantial difference between the left in our country and in Poland," he said.

Left-Wing Parties Expect Strengthening of Their Positions

According to Milos Zeman, chairman of the Social Democrats, it is not out of the question that, even in the Czech Republic, right-wing and conservative forces may not succeed in the next parliamentary elections. "The strongest opposition party is Social Democracy, which offers an alternative that has successfully passed the test in a number of European countries. I do not believe that we should fear a return to the communist regime for this reason," Zeman said. "Having had its own particular

experience with a right-wing, conservative government, the great majority of the Polish nation has rejected this government," he said.

Vaclav Exner, deputy chairman of the Communist Party of Bohemia and Moravia, stated that a shift to the left after the next elections would correspond to the mood of the population in the Czech Republic. "Given the prevalence of left-wing views, as revealed by public opinion surveys, it would be illogical if the state of support for a right-wing government were to be maintained," he said.

ODS Increases Lead in Latest Opinion Poll

AU2109171393 Prague CTK in English 1120 GMT
17 Sep 93

[Text] Prague, Sep 17 (CTK)— Seventy percent of Czech citizens would turn out at elections, a poll conducted in early September by the Institute for Research of the Public Opinion (IVVM) revealed.

The ruling Civic Democratic Party (ODS) is favored by 42 percent of people with higher education, 35 percent of women, and 39 percent of those under 29.

Voting Preferences Between May and September
(in percent)

	May	Jun	Jul	Sep
Civic Democratic Party	30	29	26	32
Czech Social Democratic Party	12	13	13	13
Civic Democratic Alliance	8	11	8	8
Left Bloc (mostly communist)	7	8	7	7
Christian Democratic Union-Czechoslovak People's Party	5	4	6	4
Assembly for the Republic-Czechoslovak Republican Party	4	4	3	4
Liberal Social Union	5	4	4	3
Civic Movement	2	1	2	2
Christian Democratic Party	0.5	1	1	2
Self-Governing Democracy-Movement for Moravia and Silesia	3	1	2	1
Movement of Pensioners for a Secure Life	1	1	1	1
Others	0.5	4	3	4
Do not know, or not stated	22	19	24	19

Note: The sample was 1,524 people over the age of 15.

Labor Ministry Signs Agreement With Britain

AU2309104593 Prague CTK in English 1542 GMT
21 Sep 93

[Text] Prague Sep 21 (CTK)—An agreement on cooperation between Britain's Employment Department and the Czech Ministry of Labour and Social Affairs was signed today by the two ministers, Michael Forsyth and Jindrich Vodicka.

At a press conference following the signature, Vodicka said that since 1990, Britain, acting through the Know-How Fund, had helped the Czech Republic build a network of labour offices and train their staffers.

Forsyth praised the Czech Republic's progress made in the transition from the centrally-planned economy to the market system, while the unemployment rate has remained low below 3 percent.

He pointed out Britain's interest in the Czech Republic joining the European Community (EC). Forsyth added that Britain's help in building the Czech labour market, the existence of which was a condition for admission to the EC, could accelerate the process.

Vodicka appreciated Britain's offer to send to the Czech Republic a specialist in labour safety, which was made at a moment when the Czech Labour Safety Office was being transferred to the jurisdiction of his ministry.

Czech-Russian Trade Protocol for 1993

AU2009182493 Prague HOSPODARSKE NOVINY in
Czech 16 Sep 93 p 9

["Protocol Between the Government of the Czech Republic and the Government of the Russian Federation on Mutual Deliveries of Goods in 1993," signed in Prague on 26 August 1993]

[Text] On the basis of the provisions of the Agreement Between the CSFR Government and the RSFSR Government on Trade and Economic Relations and Scientific and Technical Cooperation of 25 March 1991, the Government of the Czech Republic and the Government of the Russian Federation (hereafter referred to as "the contracting parties") have agreed to the following:

Article 1

Mutual deliveries of goods in 1993 will be realized under the terms laid down in the Agreement Between the CSFR

Government and the RSFSR Government on Trade and Economic Relations and Scientific and Technical Cooperation of 25 March 1991.

Article 2

The contracting parties, proceeding from the necessity of maintaining and promoting traditional economic relations between the Czech Republic and the Russian Federation, have agreed on lists of the most important goods to be exported from the Czech Republic to the Russian Federation and from the Russian Federation to the Czech Republic. These goods are listed in the supplement to this protocol and form an integral part of it. The lists cannot be considered binding for the conclusion of contracts between the two contracting parties' foreign trade organizations.

The contracting parties' authorized agencies will, in accordance with the legal system valid in their respective country, establish favorable conditions for the materialization of mutual deliveries of goods, including those listed in the supplement, and for the materialization of production sharing, also by means of the issuance of export and import quotas and licenses.

With this in mind, the authorized government departments can, with the participation of the responsible banks, determine the method of accounting and payment for priority imports and exports within the framework of this Protocol.

The contracting parties will devote special attention to cooperation at the level of regions and enterprises.

The parties have agreed to continue working on improving the conditions for mutual goods deliveries and the principles of mutual trade.

Article 3

When concluding contracts for mutual deliveries of goods and the provision of services, Czech and Russian

participants in external economic relations can make use of all forms used in international commercial practice, including barter operations.

Article 4

Participants in external economic relations will conduct accounting and payments in freely convertible currencies, using current world prices, in accordance with the principles, terms, and forms used in the international commercial, financial, and banking practice, with the exception of arrangements arising from formerly concluded special agreements that continue to be valid.

Article 5

In accordance with the valid legal system in their respective countries, the contracting parties' commercial banks can agree on the possibility of payment between organizations in their national currencies. This concerns operations connected with deliveries of individual types of goods, including deliveries within the framework of production sharing.

Article 6

This Protocol comes into effect on the day of its signing.

The period of validity of this Protocol is until 31 December 1993. However, the provisions of the Protocol will apply also to deliveries, contracts for which were concluded during the period of its validity and that were not fulfilled by 31 December 1993.

Enacted in Prague on 26 August 1993 in two original copies, in the Czech and Russian languages, with both versions having the same validity.

Supplement to the Protocol on Mutual Deliveries of Goods Between the Czech Republic and the Russian Federation in 1993

Priority interests in the sphere of mutual deliveries of goods between the Czech Republic and the Russian Federation in 1993.

Russian Federation's Exports to the Czech Republic

Item	Name of Item	Unit	Tentative Volume of Czech Republic's Needs ¹
1.	crude oil	millions of metric tons	7.0
2.	gas, including deliveries within framework of the "Transit" intergovernmental agreement of 1 July 1982 and the "Yamburg" intergovernmental agreement of 16 December 1985	billions of cubic meters	6.7
3.	timber	thousands of cubic meters	100.0
4.	fuel rods for nuclear power stations	millions of U.S. dollars	40.0
5.	chemicals	thousands of tons	193.0
6.	spare parts for nuclear power stations	millions of U.S. dollars	2.0
7.	spare parts for aircraft, including repairs	millions of U.S. dollars	2.0
8.	engineering goods	millions of U.S. dollars	—
9.	special technology, including spare parts (according to specification)	—	—

¹From centralized and decentralized resources of the Russian Federation.

Czech Republic Exports to the Russian Federation¹

Item	Name of Item
1.	foodstuffs: groats, feed mixtures, milk powder, sugar, baby food, seeds, meat and meat products
2.	pharmaceuticals and raw materials for the production of pharmaceuticals and pharmaceutical substances
3.	veterinary pharmaceuticals
4.	chemicals: packaging materials, chemicals for the light industry, chemical raw materials for the production of dyes and varnishes
5.	raw materials for the electronics industry
6.	machinery, equipment, spare parts, and assembly modules: —assembly modules for consumer goods production facilities —vehicles and spare parts for vehicles —spare parts for the machine building industry
7.	special technology

¹The list of priority deliveries has yet to be specified.

Report on Economic Development in 1993

AU2009175093 Prague *HOSPODARSKE NOVINY* in
Czech 15 Sep 93 pp 9-10

[“Excerpt from the Government Report on Fulfilling the State Budget: Economic Development in the Czech Republic in the First Half of 1993”]

[Text] The government discussed and submitted to the current plenary session of the Czech Republic Parliament a report on the fulfilling of the state budget of the Czech Republic in the first half of 1993. We are publishing from this report practically the full text of the part dedicated to

economic development. In addition to an assessment of this period, it also contains a short-term forecast for development to the end of the year.

The development of the Czech economy in the first half of 1993 confirmed the durability of the favorable trends established in previous years. That is affirmed by the fact that the enormous change in the economic environment that took place at the beginning of the year (the creation of the independent state and the tax reforms) and the continuing recession in the developed economies have produced a significant reflection only in the indicators of the economic development in the first quarter, and even then the deviation from the trends was not at all extreme. Beginning in the second quarter, the recovery signals are even more obvious.

**Fundamental Indicators of Economic Development
in the First Half of 1993**

Indicator	1st quarter percent	2d quarter percent	1st half percent
GDP (year-on-year) ¹	- 2.2	+ 1.1	- 0.5
Industrial output (year-on-year)	- 4.9	- 4.5	- 4.7
Construction output (year-on-year)	- 13.2	- 0.8	- 6.1
Retail sales (year-on-year)	+ 1.0	+ 5.1	+ 3.2
Exports ex. Slovakia (year-on-year)	+ 4.6	+ 6.7	+ 5.7
Exports to Slovakia (year-on-year)	- 26.4	- 25.8	- 26.1
Consumer prices (average monthly increase)	3.5	0.5	2.0
Level of unemployment (at the end of the period)	2.9	2.6	2.6

¹Preliminary data.

Source: Czech Statistical Office; volume indicators in actual prices.

The government considers as a particularly favorable factor the rapid progress of the transformation processes in the first half of 1993. That is testified by the following characteristics:

Sector Structure of GDP

(Estimated shift in the structure of GDP given in percent)

Sector	1992	1st half of 1993
Industry	52	49
Construction	7	7
Agriculture	6	5
Services	35	39

Note: Estimate of the Ministry of Finance.

Share of the Private Sector (Estimate)

- the growth of the share of the private sector in the GDP from 20 percent in 1992 to 32 percent in the first quarter and 44 percent in the second quarter of 1993 (including the transfers of the privatized enterprises to their new owners),
- the growth of the share of the private sector in industrial production from 15 percent in 1992 to 18 percent in the first half of 1993,
- the growth of the share of the private sector in construction output from 46 percent in 1992 to 60 percent in the first half of 1993.

The Dynamics of Performance According to the Size of the Firm

- Industry: In the first half of 1993, output in enterprises with fewer than 25 employees (the bulk of private firms are such) increased by 21.6 percent in comparison with the first half of 1992. In organizations with more than 25 employees, on the other hand, output declined by 6.8 percent.
- Construction: In the first half of 1993, output in enterprises with fewer than 25 employees increased by 4.2 percent in comparison with the first half of 1992. In the organizations with more than 25 employees, on the other hand, output declined by 8.1 percent.

The Dynamics of Performance in the Private Sector

The high dynamics of the private firms is obvious particularly in comparison with the state sector. In the instance of private firms in industry, output in the first half expressed in actual prices was 4.9 percent higher than in the first half of the previous year (enterprises with 25 or more employees). This phenomenon is even more striking in construction, where the performance of private firms was 30.9 percent higher.

Credits

The dynamic growth of the private sector is also well represented by the data on the structure of credits granted:

- the share of credits for the private sector in the total credits increased from 36.2 percent at the beginning of the year to 39.6 percent at the end of the first half,
- growth also occurred in credits for privatization (by 11 percent over the first half), particularly for the large-scale privatization.

Employment

The rapid transformation of the economy is also demonstrated by the fact that, despite the enormous decline in employment in the large state enterprises (both in

industry and agriculture), unemployment has not substantially increased. In the first half of 1993, as compared with the same period of the previous year, employment in industrial organizations with more than 25 employees dropped by 6.3 percent. The workers laid off have been absorbed by the private sector. We estimate that a third of all employees are now working in the private sector, and this share has reached almost a half in the tertiary sector.

Foreign Trade

- the share of the states with developed economies in the total volume of foreign trade of the Czech Republic (excluding trade with the Slovak Republic) increased from 66.3 percent in the first half of 1992 to 74.2 percent in the first half of 1993,
- the share of imports of machines and equipment grew from less than 35 percent in the first quarter of 1993 to almost 40 percent in the second quarter,
- improvement of terms of trade by 5.5 percent in comparison with the same period last year.

Despite the overall favorable appearance of the development in the first half, the government is concerned about certain negative trends. That is, above all, wages growing faster than labor productivity. Over the first six months of the year, the average nominal wages rose by 24.9 percent in comparison with the same period of last year, and real wages by 2.6 percent, while the labor productivity declined by 0.6 percent. The average nominal wages in construction rose by 31.5 percent, real wages by 8.1 percent, and labor productivity dropped 9.8 percent. The amount of insolvency—150 billion korunas [Kc] on 30 June—continues to be ominous, as is the high percentage of enterprises affected (66 percent in industry, 50 percent in trade, 38 percent in construction).

Economic Performance

Gross Domestic Product

After a certain drop in production in the first quarter linked to the decline in trade between the Czech Republic and the Slovak Republic and the recession in the developed economies, a stabilization, or rather a moderate growth, took place in the second quarter. The key factor on the demand side, which contributed to the improvement of the GDP indicator in the second quarter, was private demand, investment demand, and in part also public sector demand. According to estimates, household consumption grew by 3.7 percent in the first half in comparison with the same period of last year, and by up to 8 percent in the second quarter, as compared with the first. Moreover, a recovery of investment demand took place in the second quarter, and the overall increase of the gross production of capital in the first half can be approximated at 1.5 percent.

Foreign demand (excluding Slovakia) for exports from the Czech Republic (in GDP terms) rose in the first half by 11.5 percent in comparison with the same period last year.

The government expects for the whole year a moderate growth in GDP of up to 1 percent. The gross domestic product for 1993 is estimated in current prices at approximately Kc865 billion. The continually growing domestic demand and the mitigating effect of the decline of overall foreign demand will certainly help. The spending of the population on goods and services will continue to grow. The ongoing restructuring of supply according to market needs will be reflected (together with the inflow of foreign capital) in the increased demand for investment.

Industry

The complex circumstances at the beginning of the year—particularly the impact of the partition of the federation and its economic aftermath—were reflected in a certain decline in industrial output. Following the initial drop in industrial production, industrial output almost reached last year's level in May, i.e., it was less than 2 percent lower. The second quarter was marked by stabilization. The industrial production indicator for the first half of 1993 was 95.3 percent in comparison with the same period last year and in actual prices, the index for the first quarter was 95.1 percent.

The government expects that the tendency toward a reduction of the industrial output shortfall, as compared with last year, will continue in the coming months. Nevertheless, it seems obvious that the annual volume of 1992 will not be reached. This can also be linked to the long-term trend toward the reduction of the excessive share of industry in the Czech economy.

Construction

The overall decline of construction output (including an estimate for firms with fewer than 25 employees) of the first quarter of 1993 was replaced at the beginning of the second quarter by a gradual recovery. While the construction output in the first quarter of 1993 was on the whole 13.2 percent lower than in the same period of last year in comparable prices, in the second quarter of 1993 it almost reached the level of the second quarter of 1992 (99.2 percent in comparable prices). Thus, in the overall results for the first half, the drop at the beginning of the year was partly eliminated to reach 6.1 percent. This favorable development took place despite the gradual reduction of construction work performed abroad (for enterprises with 25 or more employees, its share totalled 5.9 percent in January, and only 3.2 percent in June).

For the period to the end of the year, the government expects that the dynamics of construction production will further increase, and the total volume of 1992 will be surpassed this year. This development will be based on growing investment demand, which will also show the

effect of the development of the private sector and the foreign investment in the Czech Republic.

Price Development

Despite the price adjustment at the beginning of the year, caused by the tax reform and other factors (such as the reflection in prices of the growing expenditure in the preceding period, and businessmen's expectations), price stability remains the dominant feature of the Czech economy. That testifies to, on the one hand, the global stability of partial markets and, on the other hand, the solution of potential conflict situations that the Czech economy experienced in the first half (the adaptation to new taxes, the currency division and related massive liquidity moves, the changes in monetary behavior of the population, etc.).

At the end of the first half, consumer prices were 12.1 percent higher than at the end of 1992.

The government expects for the next period relative price stability. The price measures implemented in transportation and moderate price fluctuations at the end of the year will become apparent. The average monthly price increase in the second half is not expected to exceed 1 percent, and the annual price growth (December 1992 to December 1993) will hover within the 18 to 19 percent range.

Unemployment

Unemployment gradually declined in the first half of 1993 from 3 percent in January to 2.6 percent at the end of the period. The ratio of job seekers to vacancies dropped from 2.2 to 1.9. It can be said that from the point of view of reported unemployment, the active employment policy is highly effective. The fact that unemployment is substantially lower than in 1992 is, however, among other things, a result of the changed and stricter criteria for collecting unemployment benefit.

For the remainder of the year, the government expects only a moderate growth in unemployment to between 3 and 4 percent. Unemployment will be favorably affected by the development of the private sector. The change of the development strategies of the newly privatized enterprises will be only partly reflected in employment. Bankruptcies and problems with the placement of 1993 graduates will have the opposite effect.

Balance of Payments

The course of the development in the balance of payments was relatively successful.

Trade Balance

A certain improvement took place in the trade balance (according to customs statistics) in comparison with the end of last year. The accounts for the first half of 1993 are basically balanced (a surplus of Kc3 billion—of this Kc4.5 billion surplus in trade with Slovakia; excluding Slovakia, a deficit of Kc1.5 billion).

Despite a renewed growth in exports (excluding Slovakia, by 7.8 percent in current prices in comparison with the same period last year), import dynamics are significantly higher (excluding Slovakia, by 17 percent in current prices).

The Czech trade surplus with Slovakia is gradually declining. The drop in the volume of trade is estimated at 30 percent.

A very favorable phenomenon is the growth of average prices in foreign trade. While the average prices of imported goods declined over the January-June period by 3 percent in comparison with the same period last year, the prices of exported merchandise rose by 2 percent. Hence, the average terms of trade increased by 5.5 percent, which reflects the improved efficiency of the links with the world economy.

Nevertheless, in the forecasts for the development of trade for the remainder of the year, caution prevails. Because of seasonal factors and the high dynamics of imports, a trade deficit of between Kc20-25 billion is expected.

Balance of Payments

The balance of payments current account in convertible currencies had a \$0.3 billion surplus in the first half of 1993. As the trade balance was close to balanced (a deficit of \$0.2 billion), the result being caused by a standard surplus of services of \$0.4 billion, and also by a balance of transfers of \$0.1 billion.

The capital account had a surplus of \$1.3 billion. The inflow of direct foreign investment amounted to \$0.4 billion.

The results of the current and the capital account of the balance of payments led to an increase of the central bank's foreign currency reserves from \$0.8 billion at the beginning of the year to \$2.3 billion at the end of June. The total amount of foreign currency reserves in the banking system reached \$4.8 billion on 30 June.

For all 1993, the government expects a surplus of between \$0 and \$0.3 billion on the foreign currency account of the balance of payments. The expected trade deficit of \$0.5-0.6 billion will be made up by the surplus in services.

It is expected that the capital account will show a surplus of \$1.2-1.4 billion in 1993. The Czech National Bank foreign currency reserves will grow by \$1.7-1.9 billion to \$2.5-2.7 billion, which represents the cost of imports for 3 to 4 months. The gross debt will be around \$8 billion.

The Income and Expenditure of the Population

During the first half of 1993, in comparison with the same period of 1992, faster growth took place in the income and expenditure of the population. In comparison with previous years, however, the tendency toward consumption was more marked.

The nominal monetary income on the whole rose by 25.8 percent in comparison with the same period last year, which

translates to a real growth of 3.2 percent. The unsettling rapid growth of nominal employment income during the period in question led to a decision on the introduction of a partial wage regulation linked to the performance of enterprises implemented in the third quarter.

The population's expenditure, strongly affected also by the investment of money in goods at the beginning of the year (expenditure was markedly above income in January), continued to grow at a fast pace, and this was only partly a result of the increase in consumer prices. The total population's expenditure in the first half was 29.4 percent higher nominally in comparison with the same period last year, and 6.2 percent higher in real terms; spending on merchandise grew markedly (10 percent more in real terms than in the same period last year).

The saving deposits of the population, suddenly increased at the beginning of the year because of the currency division, continued to grow during the ensuing period but at a much lower pace. The rate of koruna savings was 3.9 percent at the end of June as compared with 6.6 percent in the same period last year.

In the second half of 1993, no drastic changes are expected in either the income or the expenditure pattern of the population.

Monetary Developments

Monetary policy was between cautious and restrictive at the beginning of this year. Beginning in the second quarter, a stabilizing to moderately expansive monetary policy has been implemented (also as a reaction to a more favorable than expected development of government sector debt with the banking system). The Czech National Bank lowered the discount rate at the beginning of June as a signal for the commercial banks to lower the interest rate on credit. The response of the commercial banks, however, was not completely adequate, the credit rates did not substantially decline; the endeavors to maintain profit margins was obvious.

Monetary Aggregates

Following the decline of money supply (M2 aggregate) in the first quarter of this year (linked to the currency division) from Kc599.3 billion at the beginning of the year to Kc583.6 billion at the end of March—i.e. 2.6 percent—the growth resumed in the second quarter, and the volume of M2 reached Kc618.5 billion, which is 3.2 percent more than at the beginning of the year. (M1 = currency outside banks plus sight deposits, M2 = M1 plus time deposits and foreign currency deposits.)

From the point of view of the required structure of the sources of credit, the structure of deposits does not develop very favorably. The share of long-term deposits—with the possibility of more advantageous investment of free funds in the financial or capital market—has been growing only moderately. Although the banks' interest policy has brought about a reduction in the share of the sight deposits (a decline from 48.7 percent at the beginning of the year to 45.3

percent at the end of June) in favor of short-term time deposits (a growth from 23.2 percent to 26.7 percent), this structural shift is not solving the problem of the shortage of long-term sources in the economy.

In addition to the credit issue, the development of money supply was also affected by the development of the net foreign assets of the Czech banking system. The temporary decline of the net assets in relation to abroad at the end of 1992 and beginning of 1993 (the minimum of Kc20.4 billion) turned to growth again after the currency division, reaching Kc43.6 billion. The volume of net assets with respect to the Slovak Republic was rectified to the value of Kc26.2 billion.

Credits

After a stagnation in the domestic credits in the Czech Republic in the first quarter (low liquidity of the banks), growth dynamics manifested themselves again in the second quarter. At the end of June, credits rose by 5.2 percent in comparison with the beginning of the year. The fastest growth of credits was recorded in the private sector (+ 21.1 percent from the beginning of the year). The marked rise in credits for the private sector was facilitated by the stagnation of credits for state enterprises and decline of net credit for the government.

For the remaining part of the year, the government expects the current monetary policy to continue, and an uninterrupted growth of the monetary aggregates with high credit dynamics for the private sector. The increase of the average level of M2 can be estimated at 17-19 percent in comparison with last year, and the growth of domestic credits at 20 to 22 percent.

Overall Results of the State Budget

The state budget of the Czech Republic was approved by Law 10/1993 as balanced with the total volume of revenue and expenditure at Kc342.2 billion. After the first six months, it can be assessed—in the light of all risks and concerns regarding the fiscally reform year of 1993—as satisfactory.

The new position of the state budget following the emergence of the independent Czech Republic, just as the transfer to a new tax system on 1 January, does not facilitate a reliable comparison of the budget development this year with previous years. Therefore the assessment of the development in the individual sectors of the budget management can only be aimed at the fulfillment of expectations implemented in the approved budget for this year, and possibly a comparison of the development in separate periods within the year.

Since mid-February 1993, the budget has remained in a constant surplus of revenue over expenditure. At the end

of the first half, i.e. on 30 June, the surplus amounted to Kc5.6 billion.

The management of local budgets reported on that day a surplus of revenue over expenditure totalling Kc11.9 billion, and the balance of the special-purpose funds of territorial budgets reached Kc4.4 billion.

The revenue and expenditure contributed to the result of the fulfillment of the state budget at the end of the first half in the following proportions:

	(in billion korunas)		
	1993 budget	Fulfillment	Percent
Revenue	342.3	175.2	51.2
Expenditure	342.2	169.6	49.6
Balance of revenue and expenditure	x	+ 5.6	x

The first-half surplus of the state budget is affected by the advanced fulfillment of revenue against the fulfillment of expenditure, and it amounted to 1.6 percentage points.

The development of the budget management to date indicates these essential facts:

The worst-case scenarios on falls in revenue from the new taxes in effect since January of this year have not been confirmed. The Czech Republic is one of the few countries that has managed to implement tax reform without a budget deficit. According to the first-half results, the budgeted volume of revenue appears realistic. The development of the value-added tax thus far—considered the most critical item on the revenue side of the budget—has been satisfactory. Nevertheless, the problems with collecting installments of legal persons' income tax continue.

The fulfillment of, above all, the revenue side of the budget was affected by a certain anomaly at the beginning of the year. This anomaly was manifested by the shift caused by arrears in certain new taxes on the one side, and by a strong impact of payments of outstanding levies and taxes for 1992 on the other. That is also the reason for a certain imbalance of the budget management for the entire half.

The development to date as well as in the future cannot be observed only from the point of view of its surplus but also from the point of view of revenue and expenditure during the year. It is necessary to take into account also the seasonal nature of the budget—as in the first half there is usually a surplus in revenue, while in the second half this is reduced. Therefore, the results of the first half must not be interpreted in an uncritically optimistic way as free budget sources.

Selected Indicators of Economic Development
in the Czech Republic in 1993

Index	1 June	1 July	1 August
Gross Domestic Product			
—billion korunas (actual prices) 1984	192.1	—	—
—billion korunas (current prices)	436.1	—	—
—year-to-year growth (actual prices) percent	99.5	—	—
—year-to-year growth (current prices) percent	120.0	—	—
Consumer Prices			
—previous month = 100	100.4	100.7	100.7
—December 1992 = 100	112.1	112.9	113.7
Unemployment			
—unemployment for the period in thousands	138.6	148.6	—
—unemployment for the period percent	2.6	2.8	—
Trade Balance (Entire State) Incl. Slovakia			
—exports billion korunas	169.1	196.6	—
—imports billion korunas	166.1	195.1	—
—balance billion korunas	3.0	1.5	—
Current Account of Balance of Payments			
—billion korunas	9.3	—	—
foreign currency reserves			
—total \$billion	4.8	5.0	—
—Czech National Bank \$billion	2.3	2.5	—
Public Budgets (State Budget and Communities)			
—revenue billion korunas	212.7	—	—
—expenditure billion korunas	195.2	—	—
—balance billion korunas	17.5	—	—
State Budget			
—revenue billion korunas	175.2	204.9	232.0
—expenditure billion korunas	169.6	199.3	229.0
—balance billion korunas	5.6	5.6	3.0

CSU Releases Cost-of-Living Figures

AU2309100493 Prague CTK in English 1211 GMT
21 Sep 93

[Text] Prague Sep 21 (CTK)—This year's average monthly growth in living expenses in employees and farmers' households is 1.6 percent, in pensioners' households it is 1.4 percent, according to data released to CTK by the Czech Statistical Office (CSU).

The cost of living grew the fastest in January and February, reaching almost 10 percent more in February compared to December 1992. In August 1993, employee living expenses were 13.6 percent higher than in December 1992, farmers' expenses grew 13.8 percent, and retirees', 11.5 percent.

From January 1989 to August 1993 living expenses for employees and farmers more than doubled (up 223 percent), as they did for pensioners (up 222 percent).

Prague Ranks First as Foreign Investment Location

AU2309104993 Prague CTK in English 1323 GMT
21 Sep 93

[Text] London, Sep 21 (CTK)—Prague ranks first among cities in which foreign firms plan to open new branches

within the next five years, according to a poll of 527 world businessmen carried out in June and given to CTK today by the British firm Healey and Baker.

The Czech capital comes in 20th on the list of best European metropolises for doing business, followed by Warsaw, Vienna, Turin, Moscow, Athens and Rome. The best spots were filled by London, Paris and Frankfurt, in that order.

Foreign businessmen positively evaluated Prague's accessibility due to its local workforce, low wage expenses and the positive business climate created by the Czech Government. However, deficiencies were noted in telecommunications and unsuitable transportation connections in the city.

Budapest surpassed Prague by one slot according to foreign firms. Among the advantages they said the Hungarian capital offered were a better environment for foreign businesses and more abundant, higher quality office space. However, Prague was considered better for its access to European markets and because foreign languages were better understood there.

Reaction to Current Situation in Russia**Moravcik Comments**

*LD2209133193 Bratislava Rozhlasova Stanica
Slovensko Network in Slovak 1000 GMT 22 Sep 93*

[Interview with Foreign Affairs Minister Jozef Moravcik by Gabriela Nemkyova; place and date not given—recorded]

[Text] [Moravcik] We considered it necessary to issue a statement because we are very interested in what is happening in Russia. All this has an impact on the stability of central Europe, of which Russia is a part. We have—and we have expressed this several times—great interest in the Russian Federation; we want it to become a firm member of the democratic states of the world because it has great influence on world politics.

We are of the opinion that the direction advocated by Yeltsin is aimed at achieving these aims. So it is in this sense that we have expressed it.

[Nemkyova] Does it mean that President Yeltsin with his policy has the full support of Slovak foreign policy?

[Moravcik] The implementation of our foreign policy, to a considerable extent, depends also on the direction in which the democratization process in Russia develops. During conversations with Yeltsin we have gained the conviction that his attempts at democracy are sincere.

[Nemkyova] What further steps will Slovak diplomacy take if President Yeltsin loses his presidential chair?

[Moravcik] All depends on what means will be selected and in what way the internal situation in the Russian Federation develops.

[Nemkyova] What are the current contacts between the Ministry of Foreign Affairs and the Slovak Embassy in Russia?

[Moravcik] The employees of our embassy are giving us a detailed account of everything, and we are in constant contact.

[Nemkyova] The two presidents signed a Russian-Slovak agreement a few weeks ago that has not yet been ratified. Do you think that the complicated situation in Russia can negatively influence the contents of this agreement?

[Moravcik] This agreement can become valid only when the situation in the Russian Federation is fairly normalized and when it is normalized in a democratic fashion.

[Nemkyova] Do you think that the civil war, which is threatening in Russia at the moment, could also influence Russia's neighboring countries, I mean Slovakia, Hungary, and Poland?

[Moravcik] Certainly not in the sense that it would have some kind of an impact on the direction of our countries'

orientation of foreign policy and internal development, that is, the building of market economy in a democratic environment.

Foreign Ministry Statement

*LD2209131093 Prague CTK in English 1147 GMT
22 Sep 93*

[Text] Bratislava, Sept 22 (CTK)—The Slovak Foreign Ministry considers Russian President Boris Yeltsin's decision to dissolve parliament an attempt to continue the present course of reform aimed at taking society out of long-lasting political, economic and social crisis, the Foreign Ministry said in a statement given to CTK today by Director of the Ministry's Press Department Roman Buzek.

The ministry is convinced that the power crisis in the Russian Federation can be resolved only by peaceful means while maintaining the continuity of the democratization process. Its success has a direct influence on the stability and security of not only the countries of central and eastern Europe, but of the whole of European continent, the statement says.

Slovak President Michal Kovac, at his meeting with Russian Ambassador to Slovakia Sergey Jastrzembский today, expressed the conviction that Yeltsin's steps will result in the deepening of democratic and economic reform. Kovac said it was in the interest of not only the Russian population but of the entire international community to prevent the ongoing crisis. Presidential Spokesman Anton Bodis told CTK.

Kovac, Russian Envoy Talk

*LD2209133593 Bratislava Rozhlasova Stanica
Slovensko Network in Slovak 1000 GMT 22 Sep 93*

[Text] At the microphone is Slovak presidential spokesman Anton Bodis:

[Bodis] Slovak Republic President Michal Kovac invited to Bratislava Castle today Sergey Yastrzembский, ambassador extraordinary and plenipotentiary of the Russian Federation, who briefed him on the latest development in his country.

The president expressed the conviction that the latest measures of president Yeltsin, motivated by attempts to speed up the transformation of the political and economic system, will have their effect in deepening democracy and economic reforms.

Preventing the continuing crisis is in the interest of the citizens of the Russian Federation, and also in the interest of the international community.

Russian Official Comments

LD2209191393 Bratislava Rozhlasova Stanica
Slovensko Network in Slovak 1630 GMT 22 Sep 93

[Excerpts] [Announcer] Despite the difficult situation in Russia, the chairman of the foreign committee of the Russian parliament Yevgeniy Ambartsumov is continuing his four-day visit to the Slovak Republic. Today, he visited Gabcikovo dam, Slovak shipyard in Komarno, and the agricultural cooperative in Jurova in Zitny Ostrov. Peter Rohac has more information.

[Rohac] [Passage omitted] Trade cooperation between Slovakia and Russia depends on the development in Russia. In this connection Yevgeniy Ambartsumov said that, given this complex situation, it is important that both sides in Russia prevent bloodshed. Much depends on the attitude of the country's armed forces to the conflict between the executive and legislative power. Speaking about the Russian parliament, he said that, in his own view, the parliament's public actions were not always proper over the last few months. The parliament became an inward-looking institution and its communications with President Yeltsin very reluctant.

There is a chance of finding a compromise solution, he feels, but it will have to be the Russian people themselves who must produce the final solution to this situation.

Yevgeniy Ambartsumov expressed the view that events in Russia will not affect economic relations between the Slovak Republic and the Russian Federation and that the two countries will continue to actively cooperate in the future.

Meciar Views Welfare, Unions, HZDS Unity

AU2109193593 Prague CTK in English 2130 GMT
17 Sep 93

[Text] Zilina, west Slovakia, Sep 17 (CTK)—Slovak Premier Vladimir Meciar told a meeting in Zilina today that although lower productivity meant the state budget was 40 percent lower than ever before, the government was prepared to run a deficit in order that social welfare benefit levels could be preserved.

He said that in Rudnany, near Spisska Nova Ves in east Slovakia, there were more than 800 Romanies, of which 600 had the Hungarian name Horvath. They did not work and every month collected welfare payments amounting to 1.1 million Slovak crowns a month (about 33,000 USD), he said.

On the subject of the unions, he said they had become too radical and politicized. He said they had not supported the regulation of the Slovak market, and the national insurance office of the Slovak Republic had been blocked for two months on the unions' initiative. Today it was a problem to catch them up.

The state did not belong only to the Movement for a Democratic Slovakia, and thus political forces and the

trade unions should make use of political means to cement the state and not to generate suspicion, discontent and threats, which did not help anyone. Radio and television were contributing to this, he said.

He said that since 1991 HZDS had contained a very strong nationalist and democratic current, which had been supported by a social democratic and liberal current. The HZDS was not about to break up, he said, adding that when national and democratic aims are being fulfilled, it is logical that the liberal and social democratic elements in the HZDS are also strengthened.

Economy Minister Says Situation 'Complicated'

AU2209141193 Prague CTK in English 1149 GMT
20 Sep 93

[Text] Brno, South Moravia Sep 20 (CTK)—Slovak Economics Minister Jaroslav Kubecka said today that Slovakia was willing to cooperate with all partners who want to cooperate with it.

Speaking at the opening of Slovakia's national day at the 35th International Engineering Trade Fair in Brno, Kubecka described the current economic situation in Slovakia as a difficult and complicated period corresponding to the world economic development. He said, however, that Slovak goods could already stand up to the competition. More than 110 Slovak firms exhibited their products in Brno in an exhibition area of over 5,000 square metres, he said.

Kubecka said that Slovakia wanted to further expand its participation in the Brno engineering trade fairs in future and by this to lay foundations for good relations between the Czech Republic and Slovakia.

Slovak exhibit managers today told CTK that almost 20 billion Slovak crowns (0.6 billion USD [U.S. DOLLARS]), worth of Czech goods were imported by Slovakia from January to May, making up 35.6 percent of Slovakia's entire imports in this period (worth 56 billion Slovak crowns (2 billion USD)).

In the same period, the Czech Republic imported 25.3 billion Slovak crowns (about 0.8 billion USD) worth of Slovak goods, making 42.8 percent of Slovakia's entire exports which exceeded 59 billion Slovak crowns (about 2 billion USD).

Privatization Slowing Down

LD2009200793 Prague CTK in English 1535 GMT
20 Sep 93

[Text] Brno, South Moravia, Sept 20 (CTK)—There has been a slow down in the privatisation process in Slovakia, Slovak Economics Minister Jaroslav Kubecka said at a press conference today.

The best and simplest projects were subject to privatisation in the first privatisation wave, while now, it is

turn of the little bit worse mining, metallurgic and power industries, as well as arms manufacturers, Kubecka said.

The first wave carried out in the former Czechoslovakia in 1992 raised optimism that everything would proceed quickly, despite the experience of some countries, including Britain and France, that privatisation in the mining and metallurgic industries takes 15 to 20 years, Kubecka stressed. He said he preferred an open economy, in which market is the decisive factor.

Kubecka said that he believed that the coupon privatisation had negative impact. It has brought no new capital to enterprises, the results attained by the companies transformed through coupon privatisation are far worse than those of private industrial firms and companies, which agreed to form joint-ventures, Kubecka said. Many funds behave in an extreme way as shareholders, as they either change radically the enterprises' structure, or try to grab profit as quickly as possible, he added.

Kubecka said he preferred neither restructualisation nor privatisation. He considered privatisation merely a part of the whole process of transformation and restructualisation. He said that privatisation in Slovakia could be effectively solved, for example, by transformation of bigger enterprises into state-owned joint-stock companies with a stable leadership, management programme, and both supplier-customers relations.

Hungarian-Slovak Trade Turnover Increases

*LD2209211693 Budapest MTI in English 1636 GMT
22 Sep 93*

[Text] Bratislava, September 22 (MTI)—The development of Hungarian-Slovak trade and economic relations in 1993 was the topic of talks in Bratislava on Wednesday between the Deputy State Secretary of the Hungarian Ministry of International Economic Relations, Lajos Berenyi, and Slovak Minister of the Economy Jaroslav Kubecka.

The sides stated the value of mutual deliveries in the first half of the year was USD 185-190 million, within which Hungarian exports were worth USD 60 million, Slovak exports USD 128 million. This implies a probable increase of 10-12 per cent in turnover. There are more than 300 ventures with Hungarian stakes in Slovakia.

In the course of the talks, the Slovak side objected to the various market protection measures applied by the Hungarian side. On the other hand, the Hungarian side firmly demanded that import duties planned to be introduced in Slovakia not be applied in Hungarian-Slovak turnover.

Helsinki Committee Decries Rights Abuses

*AU2309091993 Bratislava NARODNA OBRODA in
Slovak 21 Sep 93 p 3*

[Declaration of Slovak Helsinki Committee; place and date not given: "Let Us Prevent Ethnic Unrest"]

[Text] With dissatisfaction and sorrow, we are observing manifestations of hatred that have appeared, more and more frequently, among the people of Slovakia recently. We are discontent with actions motivated by ethnic or religious prejudice, since they may become a seed of dangerous misunderstandings and unrest.

We condemn, without compromise, such phenomena as, for instance, the recent official decree imposing restrictions on Romany citizens in some villages and communities in the Spis region, the incidents in Holic and Martin, the capricious activity in connection with the installment and removal of information signs in some villages in south Slovakia, the unbelievably long legislative processing of matters that should have been unequivocally cleared up a long time ago, the appearance, from time to time, of anti-Romany and anti-Jewish inscriptions that stay in place for a long time without anyone removing them, the incident that happened to the principal Jewish Rabbi in Bratislava, and the unpremeditated and superficial statements made by some officials regarding the solution of the ethnic problems in Slovakia.

When, as representatives of the Slovak Helsinki committee, we point to those negative phenomena, we are not doing so only to present our negative standpoint to the public. We are seriously concerned by the fact that the persisting absence of an adequate concept for the efficient activity of the state in the sphere of human rights, and particularly the ethnic rights and rights of minorities, could lead to an escalation of centers of tension that could get out of control and cause extensive ethnic and social unrest. We deem it extremely necessary for the state organs to take preventive steps, and to actively solve the accumulating problems, without waiting for them to assume an acute form.

We call upon the Slovak Republic's Government to expediently establish a sufficiently representative and competent body (for instance, a committee involving multiple sectors and having an appropriate executive apparatus) to draft a considerate and efficient government policy regarding minorities and ethnic groups, to draft the necessary legislative measures, and to push for the assertion of the political concept and valid laws. The Slovak National Council should preoccupy itself more intensively with the problem of ethnic minorities and groups and so should other state and social institutions.

On this occasion, we are reiterating, once again, the urgent need to establish, on the level of constitutional institutions, the Office for the Protection of Human Rights (the so called ombudsman), who would have the right to promptly and immediately react to violations of human rights (including the rights of ethnic minorities and groups), and to prevent, in that way, more serious conflicts and tensions.

Government Statement Supports Yeltsin

LD2209124993 Budapest Kossuth Radio Network in Hungarian 1000 GMT 22 Sep 93

["Text" of Hungarian Government statement on developments in Russia; date not given]

[Text] Hungary, together with other states of the world, is following with concern the historically significant events currently taking place in Russia, the second largest superpower and also a nuclear power. The constitutional crisis that developed recently, the threat of creating dual powers, may not only slow down but even prevent the process of political and economic transformation.

In 1991, the Hungarian Government was the first to sign an interstate treaty with a Russia that had started down the democratic path. Since then, the two countries have been cooperating successfully and on new foundations. This was reflected in the negotiations that President Boris Yeltsin held in Budapest in November 1992, in the settlement of the financial questions relating to the withdrawal of Soviet troops, in the agreements on the way the Soviet debts were being repaid, and in the personal relations of the leaders of the two states.

The Hungarian Government, in the critical moments, was consistently among the first to support the reform processes in Russia and President Boris Yeltsin, who identified himself with these processes. The democratically elected president of Russia, by calling for bicameral parliamentary elections, has placed in the hands of the electorate the future of the reformist movement and has chosen the parliamentary, the democratic, way to solve the constitutional crisis.

The Hungarian Republic's Government trusts that the citizens of Russia, who have accepted with exemplary patience the inevitable sacrifices that stem from the burdensome legacy of the old regime, will—in the interest of the success of a democratic revival—grant to President Yeltsin and the reform movement he represents the necessary support and will prevent all attempts to restore the old regime.

The serious internal economic, social, and political situation of the Russian Federation repeatedly calls the attention of the world and international public opinion to the fact that the events that have come about following the collapse of the Iron Curtain do not reduce the international responsibility of the governments of the world in preserving the security and the stability of the region, in the necessity of our countries' economic and political support, which is our common interest. The world must recklessly place the achievements of the 1989-90 revolution and its process at risk.

Jeszzenszky Comments

LD2209190693 Budapest MTI in English 1802 GMT 22 Sep 93

[Text] Budapest, September 22 (MTI)—"It was obvious that the constitutional stalemate of the past months in Russia, in which parliament constantly voted against the measures of the government, required some sort of solution. The main point is that there exists the possibility for settlement amidst democratic frameworks," Hungarian Foreign Minister Geza Jeszenszky said, commenting on the Moscow developments on Wednesday, after holding talks with parliament's Foreign Affairs Committee.

Answering questions, Jeszenszky said he had indirectly informed Russian Foreign Minister Andrey Kozyrev on the position of the Hungarian government, which ensures support to President Yeltsin.

Foreign Affairs Committee Chairman Laszlo Kovacs said there was consensus between the parliamentary parties in the evaluation of the Russian situation. Everyone believes the stalemate of the past months implied a serious danger in itself, obstructing the furtherance of the entire reform process, and impeding economic consolidation, Kovacs said.

The foreign minister added the government was not planning to take any special measures in view of the Russian events, but it would, naturally, closely follow the developments.

At the session, Jeszenszky also reported about his visit to Romania. The committee confirmed with a vote that it evaluates the foreign minister's visit as necessary and useful from the point of view of Hungarian-Romanian dialogue.

As regards his talks with the Romanian side, Jeszenszky said the Hungarian-Romanian relation is not a matter of some sort of bargaining. It is a rather complex matter which incorporates principles, international expectations, precedents, and acquired rights, and various legal grievances must also be remedied.

Referring to the basic agreement, Jeszenszky again said there was no border issue, there is a valid peace treaty whose validity has not been questioned by anyone in Hungary. On the other hand, the legal security and future of Hungarians living in Romania remains unsolved, which is why the basic agreement should include, in a condensed form, that solutions satisfying the Hungarian side will be found in Romania.

Finance Minister Comments

LD2209203893 Budapest Kossuth Radio Network in Hungarian 1000 GMT 22 Sep 93

[Excerpt] According to Hungarian Finance Minister Ivan Szabo, the current political situation in Russia is not likely to cause economic problems for Hungary. The finance minister gave an interview before his journey to

Washington. Szabo will travel to the United States to attend the joint general assembly of the World Bank to begin next week. In Kata Peli Nagy's roundup, the finance minister analyzes the change in world market prices in connection with the Hungarian market.

[Begin recording] [Szabo] As far as I know, the prices of gold and oil, and I think gas too, have gone up. A price increase is also possible in a certain area of woodenware, which is largely imported from former Soviet territories. How it would directly affect the Hungarian market is another question. Let us not forget that Ukraine, as a big partner, is also involved in these areas, and the Hungarian market will not necessarily conform to the changes in the Russian market. The impact on us is hugely modulated by the surrounding countries.

[Peli Nagy] By the way, the finance minister believes that currently the political events in Russia are not spreading beyond the Russia's borders, therefore no change of monetary philosophy can be expected at the World Bank and IMF. [end recording] [passage omitted]

Jeszzenszky Expects Good Relations With Romania

*AU2309091393 Bucharest ADEVARUL in Romanian
18-19 Sep 93 pp 1, 2*

[Interview with Foreign Minister Geza Jeszenszky, by Alexandru Andon, on 16 September in Bucharest: "Our Geo-Political Position Compels Us to Good Relations"]

[Text] We had to insist a lot until we were granted an interview with Hungarian Foreign Minister Geza Jeszenszky, because his program, already very busy, was even further complicated by the lengthened official meetings. There was only about 15 minutes left before midnight on Thursday [16 September] when we approached Mr. Jeszenszky. We reminded him and asked him to comment on the present offered to him by his Romanian counterpart Mr. Teodor Melescanu, namely the file that contained copies of certain documents that referred to the 1956 revolution in Hungary and which revealed the fact that the Hungarian prime minister of that time, namely Imre Nagy, did not take refuge in Romania but was kidnapped by the Soviets and brought to our country.

[Jeszzenszky] I value this present very much, both as a politician and a historian. I believe that it was a very good idea and I understand that it came personally from Mr. Melescanu. Certainly, this will not only have favorable repercussions in Hungary, but it will also establish a precedent and make us realize that we have to study our history and our common relations. Researchers and the broad public should have access to these documents. Thus, I believe that this gesture, which I appreciate very much, is only a beginning and I hope that we will see more such documents regarding that period published. The Romanian researchers are welcome to Hungary's

archives, which can supply for examination many documents of great interest for Romania, both regarding the past as well as the future.

[Andon] How do you view the prospects of the bilateral treaty? Are you optimistic or pessimistic about it?

[Jeszzenszky] This is precisely what we discussed with President Iliescu. The issue is in Romania's hands, that is, in the hands of the Romanian Parliament and Government, because I believe that there are many of those who admit that something substantial must be done to improve the situation of Hungarians, to guarantee their instructional rights and cultural requirements. I do not have to spell it out now what we are talking about because in fact there are many international documents in this respect. If Romania finds a way to adopt all the necessary laws and measures as soon as possible, then I believe it will be much easier to find those paragraphs and those points that most concisely refer to the respective problem in the text of the treaty. This is the only unsolved problem.

[Andon] Do you envisage the possibility of a summit meeting in the near future?

[Jeszzenszky] Yes, I do. I am absolutely sure that we can reach an accord regarding the basic bilateral document, which will be signed at the highest level.

[Andon] How do you see the role of the UDMR [Democratic Union of Hungarians in Romania] in your discussions regarding the rights of people who belong to the ethnic minorities?

[Jeszzenszky] The way I know these people, they are very reasonable and moderate. I have just met with the newly elected leadership. I have not met Mr. Bela Marko and Mr. Takacs before and I believe that they, as probably the other UDMR senators and deputies as well, are very reasonable and one can easily reach an understanding with them. In fact, I met many Romanian parliamentarians and I saw that they are on very good terms with the UDMR leaders. I believe that this party is very important in representing the interests of Hungarians. And I believe that indeed it represents a strong force. Certainly, in Western Europe, the fact that the Hungarians have a strong party is greatly appreciated. If this party's proposals are accepted, this will have very positive repercussions in Hungary.

[Andon] How do you view the future of bilateral relations?

[Jeszzenszky] We realized that we have the same opinion with many of the Romanian politicians and that our geographical position and essentially our geopolitical position forces us to have very good relations and I believe that the only problem remains the one regarding the Hungarian minority. If this problem can be solved in accordance with Western European practices and standards, we will have very good and very cordial relations between our countries.

Non-Interest Bearing State Debt To Be Converted

LD2109194993 Budapest MTI in English 1346 GMT
21 Sep 93

[Text] Budapest, September 21 (MTI-ECONews) - At its meeting last week, the government cleared the way for conversion of part of the non-interest bearing state debt to the National Bank of Hungary (NBH), and accumulated before 1991, into interest-bearing state securities.

The proposed amendments to the central bank law are part of a proposal on the management of domestic state debt which is expected to go before parliament this week.

The NBH is currently paid interest equivalent to 40 pc [percent] of the central bank base rate (now 19 pc) on roughly half of the debt, accumulated from central bank loans taken out to finance pre-1991 budget deficits. The other half, due to forint devaluations, is free of interest.

Under a proposed amendment worked out between the Finance Ministry and the NBH, if the country's net foreign debt falls, interest-free state debt equivalent to the decrease will be converted to interest-bearing securities, ECONews has learned from an NBH source. The non-interest bearing part of the state debt totals huf [Hungarian forint] 890 bn [billion], the government spokeswoman told the press last week.

If the country's net foreign debt does not fall, 5 pc of the non-interest bearing state debt to the NBH will automatically be converted into interest-bearing state securities each year.

The conversion of other NBH claims on the state into state securities in any given year will be taken into account as part of the 5 pc automatic conversion obligation.

Although Hungary's net foreign debt is not expected to fall this year, the automatic annual 5 pc conversion rule will not increase the government's interest payment obligations this year.

Under the 1993 budget, huf 48.3 bn net worth of the NBH's foreign claims were taken over by the state, in exchange for which the bank was granted long-term state bonds.

The exchange was necessary because of an agreement made between Hungary and Russia late last year under which Russia will pay off 1.8 bn roubles worth of former Soviet trade debts to Hungary by the supply of military equipment this year.

The proposal also foresees changes in the calculation of interest on the other part of the pre-1991 state debt to the NBH.

Instead of linking it to the central bank base rate, the interest payable by the state to the NBH will be calculated as a percentage of actual annual net interest expenditure, compared to net foreign debt stock, an NBH source told MTI-ECONews.

The change in the method of calculation is not likely to have much effect on the interest rate payable on that debt this year, the official said.

SLD Asked To List Prime Minister Candidates*LD2209193893 Warsaw PAP in English 1919 GMT
22 Sep 93*

[Text] Warsaw, Sept. 22—President Lech Walesa sent on Wednesday a letter to leader of the Democratic Left Alliance (SLD) Aleksander Kwasniewski in which he said he expected the SLD to name three candidates to the prime ministerial office.

The president recalled he acted in line with his previous declarations that while designating the prime minister he would select one of three candidates proposed by a grouping which wins the parliamentary elections.

Kwasniewski Only Candidate*LD2309114493 Warsaw TVP Television Third Program
Network in Polish 1000 GMT 23 Sep 93*

[Relayed by TV Polonia Network; no video available]

[Text] If the Democratic Left Alliance [SLD] undertakes the mission to form the government, Aleksander Kwasniewski will be its only candidate for the post of premier. The SLD has still not replied to the president's letter, but it announced that it will not put forward three candidates.

SLD Leaders Brief Press on Economic Measures*AU2309091193 Warsaw GAZETA WYBORCZA in
Polish 22 Sep 93 p 2*

[Report by Magda Papuzinska: "Let Us Not Go Crazy With the Budget"]

[Text] "An increase in the budget deficit by 1 or 1.5 percent is permissible, according to experts, but a budget deficit is the last thing we want. Let us not go crazy with the budget," said Democratic Left Alliance [SLD] leader Aleksander Kwasniewski at a news conference yesterday [21 September], at which SLD leaders answered questions from a crowd of Polish and foreign journalists on the kind of economic policy they will pursue if they form a government.

Kwasniewski announced a tough budget regime. He ruled out the possibility of printing extra money and raising taxes.

He refused to reply to a question whether a government involving the SLD would uphold the Suchocka Government's pledge to use any budget surplus to increase wages in the public sector. "The experts must consider how to reconcile budget requirements with the SLD election program," he said.

The SLD has appointed a team of experts led by Jozef Oleksy to prepare an economic package that will be used as a basis for talks with coalition partners, i.e. the Polish Peasant Party and Union of Labor.

"We are open to foreign capital, and do not view it with suspicion," said Kwasniewski. He added that the SLD will aim toward Poland's integration with the EC, as well as closer contacts with economic partners in the East. Asked whether they want Poland to join NATO quickly, the SLD leaders replied: "NATO is undergoing change. We will wait for the time being."

In the struggle against unemployment, the left wing is also counting on the support of groups that are not part of the government. "Benefits are a last resort," said Kwasniewski. "It is more important to set in motion economic mechanisms that eliminate unemployment, such as tax concessions for investments in depressed areas, and the creation of special economic zones."

Asked whether income from shares would be subject to tax, Kwasniewski said that this was not mentioned in the SLD election program. As far as reprivatization is concerned, one should proceed with caution, so as not to subject the state to excessive costs, he said.

Wlodzimierz Cimoszewicz did not rule out the possibility that the SLD would seek to replace the chairman of the Supreme Chamber of Control and president of the National Bank of Poland.

The SLD politicians said that in the new Sejm they would try to "adapt the anti-abortion law to European standards."

"We will not seek to shorten the current president's tenure, nor curtail his powers," promised Kwasniewski. "We are in favor of a constitution that gives the president the role of arbiter and a low degree of executive power, but there are no personal reasons behind this desire."

PSL's Luczak Discusses Likely Coalitions*WS2309100093 Warsaw Radio Zet in Polish 0615
GMT 23 Sep 93*

[Studio interview with Aleksander Luczak, a leader of the Polish Peasant Party, by Krzysztof Skowronski; from the "Guest of Radio Zet" program—live]

[Text] [Skowronski] Has PSL accepted Aleksander Kwasniewski as the candidate for the post of prime minister?

[Luczak] We have not made any decisions yet. We have only heard half of the elections results. We must still wait for an official announcement. We must also wait for all the things dictated by the Constitution, such as the stand of the president. Only then will we be able to make a decision concerning personnel matters.

[Skowronski] However, you have begun preliminary talks with the Democratic Left Alliance [SLD]. At what stage are those talks?

[Luczak] The talks that we have held so far are, indeed, preliminary. They were a reconnaissance. They were

held when the final election results were not clear at all. They primarily concerned matters related to the formation of the Sejm and Senate presidium. We spoke little, or not at all, about forming the government.

[Skowronski] Has anything been fixed yet as far as the Sejm presidium is concerned? Who will be the Sejm speaker?

[Luczak] I would like to add that it would be unfair if I said that we talked with only one party. I would like to say that in the past days we have held talks also with other....

[Skowronski, interrupting] We will discuss other parties in a minute. Now let us talk about the Sejm presidium.

[Luczak] We are not trying to conceal that the Polish Peasant Party [PSL] wants to revive its peasant movement traditions. Before World War II the movement was represented by such a prominent personality as Maciej Rataj; he was the Sejm speaker for many years. We are also going to submit our candidate for this post.

[Skowronski] Who is this candidate?

[Luczak] Jozef Zych, deputy speaker of the previous Sejm.

[Skowronski] Is it possible for PSL and SLD to form a coalition? A government coalition that would include only these two parties?

[Luczak] Right now any coalition is possible; there is no one coalition that is more likely to be formed than another. We can think about a great coalition of all parties; we can consider the idea of forming the coalition that you have mentioned; we can speak about a coalition without SLD, a coalition consisting of other parties. We can also think about a minority government, backed by parties that would not enter formally into the government. This does not depend on whether we reach an agreement on personnel matters, whether we will find candidates for the various posts; it depends mainly on substantive talks, related to the government program. These talks should start as soon as possible and result in joint decisions.

[Skowronski] What government coalition would be most comfortable for PSL? Is it a coalition with SLD?

[Luczak] It is hard to say right now. I believe that it would be a coalition that could be evaluated only when its program was prepared.

[Skowronski] What programmatic points are most important for PSL?

[Luczak] I think that, while discussing this issue, we should try to realize what is possible, what can really be done. We should also keep election results in mind. I have no doubt that such election results are an expression of people's views; people support solutions aimed at the continuation of reforms, solutions that will not stop

the reform process. However, we and, generally, the parties that were successful in the elections, have proposed a different method of attaining those goals. We have proposed a different road; a road that would not lower people's living standards so drastically, that would not deteriorate people's material situation so much. I simply think that this is a program that aims at achieving the same goals, but by different means.

[Skowronski] However, what exactly is going to change in the reform methods in Poland? Is privatization going to be slower? Is the budget deficit going to be larger?

[Luczak] We spoke about privatization a few days ago in Radio Zet. The privatization process, at this stage of economic development, should be seen only from an economic viewpoint. It does not matter whether we say that it will be faster or slower. If, from the viewpoint of economic development of the country, it turns out that the privatization process of a given company should be accelerated, then this is exactly what should be done. However, these criteria must be absolutely clear.

[Skowronski] What about the budget deficit?

[Luczak] The same holds true of the budget deficit. The budget deficit cannot be an issue which, theoretically or in talks, must be respected, while in practice the deficit may be larger and may cause certain consequences. We believe that increasing the budget deficit does not have to entail printing additional money to be consumed by the people; the problem lies in distributing these resources in a way that would revive the economy.

[Skowronski] I have often heard it said that the electorate of the SLD, PSL, and the Democratic Union [UD] have conflicting economic interests. Is this true?

[Luczak] I think that this electorate is not uniform. Especially within SLD it is rather varied. I believe that the electorate connected to our party is more uniform. UD has a more varied electorate. It is only natural that there may be certain conflicts. However, I would like to stress that our election campaign or our program does not include any statements that would hint that decisions favorable to our electorate, that is, mainly peasants, would have to entail neglecting other sectors of the economy. On the contrary; we think that the development of agriculture is not possible without the development of other sectors of the economy.

[Skowronski] What is the probability that Waldemar Pawlak will become prime minister?

[Luczak] This is also a matter that will become clear when we decide matters concerning the program and the direction in which the government should go. Personnel matters are of secondary importance.

[Skowronski] Is Waldemar Pawlak the only PSL candidate for the post of prime minister?

[Luczak] I think he is. He is a candidate who made a good impression last year, when he was trying to form his

cabinet. He has gained popularity in the last months. I think that with his statements and his composure, he has built the image of a politician who wants to ease tensions and who has a concrete program. I would like to say that he received over 70,000 votes in his district, which implies enormous support.

[Skowronski] Is it true that the president phoned Chairman Pawlak?

[Luczak] I do not know anything about it.

[Skowronski] The SLD program includes a proposal for limiting the powers of the president. Does PSL agree with such a policy?

[Luczak] Our views do not change; they do not depend on whether we win elections or whether we are one of many parties in the parliament, as was the situation in the previous Sejm. Our constitution bill, submitted to the previous Constitutional Committee, aimed at creating a balance of powers among the governing bodies; the legislative body should be most important due to the position it holds on the political scene. However, similar elements or the scope of powers, should be at the disposal of the government and the president. We believe that the fourth body, apart from the third one—the judicature—should be self-governing establishments.

[Skowronski] Do you agree with the statement that post-communist parties won the elections?

[Luczak] I think that our opponents—the parties that have lost the elections—will use this argument, and will want to create a bad opinion about the parliament. Times have changed: There is no Soviet Union, there are no relations that existed in the past. However, it should be expected that the Polish political scene will have a leftist force of a social-democratic nature. Such movements exist in many European countries. This is a process that we also must face. Let us not look at what existed in the past, at what may cloud the real purpose of those parties, that, improving the situation in Poland.

[Skowronski] I will ask the same question again: Does PSL support the idea of limiting presidential powers? Could you make a statement?

[Luczak] No, we do not support that. What we support is a balanced....

[Skowronski, interrupting] Do you want the status quo to continue or do you want to change anything in this area?

[Luczak] It is hard to say right now. We believe that the president's current powers are very broad. The new Constitution should clarify certain matters because they are sometimes unclear and engender controversies. However, we are for a balanced configuration of powers among the Sejm, the government, the president, the legislature, and self-governments.

[Skowronski] What coalition is going to form the government?

[Luczak] I do not think that this question can be answered fully now. Every solution that is possible in theory may also be possible in practice.

[Skowronski] Is Waldemar Pawlak going to become prime minister?

[Luczak] I would like that. However, first the principles of the government's program must be agreed to.

[Skowronski] Is Smolen a good singer?

[Luczak] Yes, he is a very good singer. I think that the fact that our election campaign referred to traditions, to the national nature.... [pauses] When the campaign was going on, there were opinions that PSL was waging a rough, peasant campaign. It turned out differently. People did like it. I would like to thank those who developed these programs, and to express my thanks to our voters first of all.

[Skowronski] Thank you for the interview.

[Luczak] Thank you.

President's Spokesman Views Election Results

WS2209140093 Warsaw TVP Television First Program Network in Polish 1800 GMT 20 Sep 93

[Interview with Andrzej Drzycimski, press spokesman for President Lech Walesa, by Tomasz Zoltowski on the "Directly from the Belvedere" program; place and date not given—recorded]

[Text] [Zoltowski] Minister, the preelection forecasts have indeed come true and the Democratic Left Alliance [SLD] gained the biggest number of votes. The president had basically predicted the possibility of such a situation, for instance when he talked about the left wing. What do these election results represent to you? What do they signify? Society's frustration? Its reluctance for quick reforms?

[Drzycimski] Society expressed its dissatisfaction, not toward the reforms as such but the kind and the manner...

[Zoltowski, interrupting] The way they are implemented?

[Drzycimski] The way they are implemented. It was not a protest against reform, but it was a protest against the kind of privatization being conducted, against rising unemployment, against the fact that people are not being punished for various scandals, it was a protest which was very specifically targeted against exact problems which were very skillfully taken advantage of by that political group, or groups, which were in the opposition. These groups did not bear responsibility for ruling the country, and so they were able to rather peacefully emphasize these weaknesses, bringing them to the surface. Now the hot issue is that those political parties and groups which won the elections now have to assume responsibility for

implementing the program which they had wanted and announced during the election campaign. It is the opening of a new stage, as it were. The president, during a well-known press conference, which, let me remind now, roused the indignation of many people...

[Zoltowski, interrupting] He predicted [words indistinct].

[Drzycimski] He predicted precisely the composition of parliament. That is a signal of the fact that the political elite, occupied with their own problems, with their giving-away of cards, they forgot that society is tired of constant battles over personnel problems, over two-element, three-element, five-element, seven-element, or even nine-element arrangements [not further specified]. That is simply the past. Society expects more persistent and unambiguous action.

But there is also another kind of signal, namely that while performing the transformations, we failed to involve society on a broad scale. If only slightly more than 50 percent participated in the elections, it is a signal that society is standing on the sidelines, just watching. I would not like to make a comparison with a table-tennis game, where two people are playing at the table while the rest just watch. It looks a little bit that way. If we fail to involve society more widely, we will face a situation where there will be tension. Certainly, the great effort made by the nation over these four years cannot go to waste. In this regard, the president is clearly saying that there are no changes in foreign policy or the market economy, within its goals and main principles.

Of course, a market economy requires a different approach but that is a completely different issue. There are no changes with regard to what we call our Polish interests here in Central and East Europe. These are the principles by which we will abide. The president also always adds that if we want to build democracy, which we are now building, we must create institutions and opportunities for the nation so that it can express itself. There was such an opportunity in the form of elections. It is also an opportunity for those who want solutions for themselves and are looking for them, this opportunity allows them to find their place in the new environment. It is a new beginning. For the first time, the Polish situation is heading toward a situation where out of the great dispersion of more than 240 political parties officially registered, or maybe even more, currently in Poland...

[Zoltowski, interrupting] [Words indistinct] a few into parliament?

[Drzycimski] Only a few will get into parliament, which will be a signal for those parties which want to participate in the political game, that they have to meet and unite; They have to integrate.

[Zoltowski] Minister, yesterday the president said he will manage regardless of the election results. What does that mean?

[Drzycimski] In accordance with what the president said right before the elections, he wants, he will fulfill...[pauses] Because the rules of democracy state that the party which has won the elections be given the chance to name a candidate, from among three candidates, whom the president will possibly select; in this case, if it is a victory by SLD, the president expects that this will be carried through also in this case, and three candidates will be named from among whom he will designate a candidate for prime minister.

[Zoltowski] In this situation, what about the candidate whom the president had supported, I refer of course to Andrzej Olechowski?

[Drzycimski] This is a question of the various coalitions which may or may not be formed. We must add that the winning party must create a coalition; it is not possible to implement the kind of program it would like to see on its own. This forces them to come to all kinds of political arrangements which, as one may think, began back on election Sunday, and I suppose these coalition arrangements will continue until the official election results are announced, so let us wait until that moment. But one thing will most certainly happen—the president wants to respect democracy exactly the way it is. But we cannot allow for a situation that within that democracy we will not be able to make decisions which will determine the direction of the country's development. The president will certainly not allow for the pace of reforms to decrease or for the reforms to stop altogether. We have a goal. We can debate over whether the different aspects should be emphasized to different degrees. The direction is clear. We have a democracy, we have a free market, and we will be heading in that direction. At the same time, we have a free country, about which we have forgotten in the fervor of battle...

[Zoltowski, interrupting] Before the elections [words indistinct] took place.

[Drzycimski] Before the elections, the president...

[Zoltowski, interrupting] The troops leaving...

[Drzycimski] Yes, he achieved the following. First of all, we carried out the finish wish of great Poles. Secondly, there are no foreign military units. We are a sovereign, independent country. Anything that will happen here, will happen only because we want it to happen; it will be because of our decisions, the nation's decisions. I think that is the primary thing, and that is what the president wanted to achieve, and we have it. Right now we will decide what our future will be like.

Kaczynski Seeks Unification of Election Losers

AU2309104893 Warsaw PAP in English 2008 GMT
22 Sep 93

[Text] Warsaw, Sept. 22—Leader of the Centre Alliance (PC) Jaroslaw Kaczynski put forward a proposal for the unification of centre-right parties. At a press conference

in Warsaw Kaczynski stated he hoped that the centre-right, under the influence of a postelection shock, would welcome his initiative.

The PC leader addressed a letter to 14 centre-right groupings, including the Liberal Democratic Congress (KLD), the Movement for the Republic of Poland (RDR), the Christian National Union (ZChN), the Real Politics Union (UPR), the Peasant Agreement (PL), the Peasant Christian Party (SiCH) and the Conservative Party (PK), calling for the unification. All these groupings failed to win seats in the new Sejm (lower house.)

In the letter Kaczynski stated that "forecasts of those who have claimed that the social mechanism created in Poland is leading directly to the regaining of power by the communists has proved correct." According to him the crushing defeat suffered by the centre-right in the elections has resulted mainly from the lack of its unity.

National Economic Chamber Elects Leaders

*AU2309105193 Warsaw PAP in English 1555 GMT
22 Sep 93*

[Text] Warsaw, Sept. 22—The general meeting of the National Economic Chamber (KIG) has elected Minister for Foreign Economic Relations Andrzej Arendarski as the chamber's president and Kazimierz Pazgan as its chairman, newsmen were told in Warsaw.

Andrzej Arendarski said that the chamber is an apolitical organization and a staunch supporter of a market economy. It expects a new government to endorse the law on local government, he said, announcing that the chamber is going to lodge its draft guidelines of economic programme with the new government.

Pazgan said that he hoped the new government will be willing to use the chamber's suggestions as regards the economic policy. "As representatives of entrepreneurs we know best what is hampering us in the implementation of economic tasks. The government should help us and pave the way for us," he said.

Reaction to Current Situation in Russia

Government Statement

AU2209153193 Bucharest ROMPRES in English 1318
GMT 22 Sep 93

[Text] Bucharest, ROMPRES, 22/9/1993—The Romanian Government shows in a declaration issued about recent developments in Moscow that it follows most carefully the evolution of the political situation in the Russian Federation pursuant to President Boris Yeltsin's decree on the dissolution of the Supreme Soviet and of the Congress of People's Deputies and the calling of early elections for a new parliament.

"We understand that the decision of President Boris Yeltsin, elected by universal ballot, reconfirmed through the April 1993 referendum, is prompted by the necessity to settle the long political crisis in Russia caused mainly by the opposition to the measures envisaged by the president for democratization and the passage to a market economy", the declaration reads. Romania's Government expresses the hope that the political forces in the Russian Federation, understanding the great responsibility devolving to them in these special moments, will find solutions to allow for the continuation of the process of consolidation of the state of law on the path to economic and social reforms, an essential condition both for securing internal progress and stability and for European and world security and stability.

Iliescu Comments

AU2209153393 Bucharest ROMPRES in English 1353
GMT 22 Sep 93

[Text] Bucharest, ROMPRES, 22/9/1993—In a statement made today, President Ion Iliescu mentioned he was following "with justified concern" developments in Moscow. "I would like first to express support to the declaration issued by Romania's Government", President Ion Iliescu said. "We appreciate the steps taken by President Yeltsin, a democratically elected constitutional factor, reconfirmed through the April referendum, for the elimination of the power dualism and for starting the democratic process for parliamentary elections as a way to consolidating the legal bases of the state of law.

"We express our hope and confidence in the responsible attitude of all political and power factors in avoiding the escalation of the conflict situation and securing the continuity of the processes of democratization and promotion of the economic reform in Russia, an essential condition of domestic and international stability", Romania's president said.

Melescanu Assesses Conflict

AU2209173393 Bucharest ROMPRES in English 1651
GMT 22 Sep 93

[Text] Bucharest ROMPRES, 22/9/1993—In connection with events in the Russian Federation, Romanian Foreign Minister and Minister of State Teodor Melescanu

said on returning from Brussels: "We have understood that the stands and decisions taken by President [Boris] Yeltsin are prompted by difficulties emerged in the further high-pace unfolding of the economic and political reforms in Russia and we have expressed our hope in this respect that possibilities will be found for a dialogue that should not lead to a direct confrontation among the various political forces in Russia and which should equally secure the continuation of the process of democratic reforms and structural reforms in the economy, a process which is supported by all Common Market [EEC] countries, hence also by our government."

"As for the Romanian prime minister's [planned] visit to Moscow, this is to a great extent a visit for economic matters, hence for the discussion of direct aspects of collaboration. This is a normal approach to the relations with the Russian Federation. Our dialogue is a dialogue with the government that runs the country's affairs at the respective time. As a matter of fact, generally I do not believe the elections in Poland or developments in Russia will bring about substantive changes in foreign affairs," the Romanian foreign minister said.

Parties Back Yeltsin

AU2209190993 Bucharest Radio Romania Network in
Romanian 1700 GMT 22 Sep 93

[Text] Various political parties and trade union organizations have expressed their positions on the events in Russia.

During a news conference in Bucharest, Mr. Ion Solcanu, vice president of the Social Democracy Party of Romania [PDSR], expressed the hope that the events in Moscow will take their natural course toward the continuation of the democratization process.

A communique released by the Civic Alliance Party [PAC] considers President Boris Yeltsin's decision to call the Russian people to the polls as opportune and legitimate, since this is the way to ensure that they will freely decide their own future.

Mr. Victor Surdu, president of the Democratic Agrarian Party of Romania [PDAR], considered the decision of the Kremlin leader correct from the perspective of modifying the Russian political landscape.

In his turn, Mr. Attila Verestoy of the Democratic Union of Hungarians in Romania [UDMR] believes that President Boris Yeltsin's positive attitude toward reform will be sanctioned by the Russian electorate in the vote next December.

Mr. Ion Gavra, vice president of the Romanian National Unity Party [PUNR], said today that the events in Moscow are not at all haphazard and that the democratic evolution of the Russian civil society will continue to be, in his opinion, a historic illusion. He added that, in a multinational colossus, democracy can only evolve toward a dictatorship imposed by whichever party happens to get the upper hand.

In a statement released today, the International Union of Former Political Detainees and Persecuted People emphasizes its total support for Boris Yeltsin, as long as his actions aim at saving the Russian state and defending Democracy.

The Fratia National Confederation of Trade Unions also expresses firm support for President Boris Yeltsin, the Russian Government, and democratic forces striving for the continuation of the reform process in Russia.

Coposu Approves

AU2209123193 Bucharest ROMPRES in English 1035 GMT 22 Sep 93

[Text] Bucharest, ROMPRES, 22/9/1993—"Russia is a dormant danger for us," Corneliu Coposu, chairman of the National Peasant Christian Democratic Party [PNTCD], told a ROMPRES writer. "Yeltsin is the legal president of course, Aleksandr Rutskoy has sparked rebellion, Khasbulatov is wrong. Yeltsin dissolved parliament in a tough move, but he had no choice, as parliament was elected by means specific to communism," added Coposu. "We are favoring stability in Russia, we do not want a civil war next to us. We have no territorial disputes with the Russian Federation, it is with Ukraine that we have contentious matters in this respect as it abusively incorporates parts of the Romanian territory of Bessarabia," said the PNTCD leader. "Things remain more or less unchanged for us, irrespective whether the far left or Yeltsin's moderates win, as the Russian empire is a reality and with it the dormant threat of a strong neighbor which has proved its expansionist drives."

CDR Supports Yeltsin

AU2209155193 Bucharest ROMPRES in English 1356 GMT 22 Sep 93

[Text] Bucharest, ROMPRES 22/9/1993—"Considering the open conflict between reformists headed by President Yeltsin and the conservative communist forces, the Democratic Convention in Romania [CDR] thinks it is only the way of free and fair elections, as President Yeltsin has proposed, that can lead to the consolidation of the institutions of the state of law and that can give hope for stability of the Russian Federation in a format that should favour general progress in Europe and round the world," reads a statement issued by the Democratic Convention on September 22.

Vacaroiu Receives Yugoslav Economy Minister

AU2209201293 Bucharest ROMPRES in English 1155 GMT 22 Sep 93

[Text] Bucharest ROMPRES 22/9/1993—Premier Nicolae Vacaroiu received Wednesday, September 22, Tomislav Simovic, federal minister of economy of the Federal Republic of Yugoslavia.

The stage and prospects of the relations between the two neighbour countries were examined. The guest expanded on the difficult economic and social situation in Yugoslavia and asked for humanitarian help from the Romanian people, but without violating the UN embargo on Yugoslavia.

The Romanian premier said that his cabinet would analyse ways to answer this request and help the Yugoslav people with which Romania has had traditional friendship relations and with which it has good neighbourliness ties.

Ways will be also examined to develop cooperation with Yugoslavia after the lifting of the embargo.

The Yugoslav dignitary made a proposal on behalf of his government that the premiers of the two countries have talks on the opening of the Iron Gates two lock, expected period to come.

The two parties voiced hope that the conditions would be met for the removal of the embargo on Yugoslavia that—has also affected the Romanian economy—and that bilateral relations would develop significantly from then on.

Melescanu on Relations With EC, Hungary, NATO

BR2209073193 Brussels LE SOIR in French 21 Sep 93 p 7

[Interview with Foreign Minister Teodor Melescanu, by Edouard Van Velthem, in Brussels; date not given: "Melescanu's Plea for Europe"]

[Text] Romanian Foreign Minister Teodor Melescanu has an engaging smile, impeccable French, and a thorough knowledge of the issues. Like Adrian Nastase before him, he continues Bucharest's tradition of open and charming diplomacy.

Melescanu is in Brussels to meet the European "troika" [past, present, and future EC presidencies] with his other Central European colleagues, and was also received by NATO Secretary General Manfred Woerner. It was a good time to look at Romania's attitude toward Europe.

[Van Velthem] Sometimes one gets the impression that Bucharest is piling on the pressure in international institutions to make up for lost time.

[Melescanu] That is an overstatement. As an associate member of the European Communities, we are now in a new category and today are on an equal footing with the Central European countries in the Visegrad Group [Czech Republic, Slovakia, Hungary, Poland]. But it is true that there is a qualitative change in the level of relations between Romania and the EC. And as time goes on, the integration process is accelerating. There is a cumulative effect. At the start of Romania's democratization process, European integration tended to be something of a vague idea, a slogan. Now it is a reality.

[Van Velthem] Therefore, the distrustful feelings which followed the events at the end of 1989 have disappeared?

[Melescanu] Since the signature of the association agreement, and especially since the EC Copenhagen summit, the EC has had a nondiscriminatory and very flexible approach to all the countries of central Europe. The malaise, if there was a malaise, has been left behind completely, and we are now in a phase of accelerated cooperation.

[Van Velthem] With one key date: the end of the month and your possible membership of the Council of Europe. This poses the delicate problem of your relations with Hungary.

[Melescanu] Everybody in Romania was pleased with the results of the visit last week by the Hungarian Foreign Minister Jeszenszky: the press, the political parties including the nationalist parties, and, of course, the government to which I belong. You might say that there were no concrete results. But what about the signature of two very important economic agreements. These accords may foreshadow our future relations, since there is no longer any imposed ideological basis between us, and we do not have any national community of interests with Budapest, be it religious or otherwise.

[Van Velthem] But Bucharest is still asking its neighbor for an explicit recognition of the inviolability of its borders.

[Melescanu] There has been very encouraging progress on this very point. During these negotiations, the Hungarian side expressed for the first time its readiness to include a clear and plain provision on national borders in a future treaty, which is now under discussion. This is very important, given the importance attached by Romania to a commitment of this kind.

[Van Velthem] And Hungary has also obtained a more open attitude on your part as regards the Hungarian minority in Transylvania?

[Melescanu] We are ready to make a major concession, namely accept any recommendations or rules from the relevant European organizations, with regard to the protection of minorities, as a legal obligation. We also proposed to our Hungarian friends that we organize regular specific bilateral meetings, in Bucharest and Budapest, on the minority question. The aim is to have scientific and pragmatic discussions, without any political ulterior motives. One should not always believe that there are fundamental differences between us on this question. Sometimes the main difficulty is how each party interprets its reciprocal rights or obligations. This is the conclusion that we reached with Mr. Jeszenszky. Thanks, also, to the friendly pressure from Western Europe, which obviously wants stability in the region above all else.

[Van Velthem] This imperative is all the more precarious given that your region is explosive, with conflicts in Moldova and Yugoslavia.

[Melescanu] Our wish is of course to join NATO. But that does not mean that we want to force NATO's hand. The most important thing is that there is no more discrimination between the various central European states. Any hierarchic approach would be a source of regional insecurity. Above all, that would give the impression to the "excluded" countries, even temporarily, that they have no importance whatsoever for the Western world. Or, worse still, that they perhaps belong to the sphere of influence of another power. From the East.

Comments on Integration Policy

AU2209201493 Bucharest ROMPRES in English 1114
GMT 22 Sep 93

[Text] Bucharest ROMPRES 22/9/1993—The necessity to speed up the non-discriminatory integration of the East European countries associated to the European Communities, that need further support from the European Community in their economic transition and the building of a democratic system was underlined by Romanian Foreign Minister Teodor Melescanu in Brussels.

The first real political dialogue between the European Communities and the six East associate European countries pointed to the political will of the two sides to speed up the integration of the budding democracies in the EC, but also to the difficulties lying ahead. "I told the meeting that no true integration was possible unless people were given a chance to travel and work, of course, within certain limits, in Community countries. ... I also said that the intangibility of frontiers is essential to stability in Europe. ... I mentioned that the 'Balladur plan' should not be a separate initiative, that it was part of an institutional system already in place, the CSCE one... As regards the role and place of minorities in European cooperation, in European stability in general, I stated clearly that, to my mind, stability was in jeopardy at that moment due to a major factor, namely the difference in stage between the economic development of the West of Europe and the East of the continent. We have to think of the way in which the states of the European Community can help the economic transition, the building of a democratic system in the East European countries. I view that as a first priority."

The Romanian minister admitted that the "subject of minorities" was important both for Romania and for other European countries, but that "it should not be seen as a source of conflict and confrontation," but tackled in a "balanced, comprehensive" manner.

Teodor Melescanu specified that "it is not acceptable for Romania that the six countries have a different treatment on arbitrary criteria, as they would belong to a

group or another. All six concluded association agreements, which shows that they have the same standing, and the only criteria at work should be the economic one, that of proficiency and compatibility with the European communities," said the Romanian foreign minister.

IMF Dissatisfied With Reform Progress

AU2109192693 Bucharest ADEVARUL in Romanian
15 Sep 93 p 1

[Article by Mugurel Radulescu: "Romania Seen by International Monetary Fund Report"]

[Text] While acknowledging a number of successes of Romanian reform, the International Monetary Fund notes in its annual report that the results of the attempts to achieve economic and financial stabilization have been below expectations. The IMF directors stressed the need for a restrictive fiscal policy. The report points out that "one of the most important lessons so far is that the reform of enterprises is the key to achieving macro-economic stability." On the other hand, the controversy between supporters of shock therapy and gradual therapy is viewed as an exceeded issue because the establishment of fundamental orientations and the succession of economic measures, as the case requires, are more important for the continuation of reform. The IMF Board of Directors will also discuss the Romanian issue in Washington tomorrow.

Iliescu Asked To Submit Name of SRI Director

AU2209132593 Bucharest AZI in Romanian 15 Sep 93
p 3

["Statement" by the parliamentary groups of the Democratic Party (National Salvation Front), the National Peasant Christian Democratic Party, the Democratic Union of Hungarians in Romania, the Liberal Party 1993, the Social Democratic Party of Romania, the Romanian Ecology Party, the Civic Alliance Party, and the National Liberal Party-Democratic Convention, in Bucharest on 14 September]

[Text] Statement

Within the framework of the plenary discussions, during the joint session of the two parliamentary chambers, of the "Report on the Fulfillment of the Romanian Intelligence Service's [SRI] Duties, as Stipulated by Law, To Ensure the National Security," the parliamentary groups signed below are making the following statement:

The legal functioning of the SRI must necessarily begin with the observance of the legal provisions on the investiture of the director of the respective institution. It is inadmissible that the current director should be in his post since February 1992, being also a member of the Supreme Defense Council of the Country, without his appointment having been validated by Parliament and without him having taken the oath before the country's parliament.

Disregard for extant legal provisions and for the way in which the current director has occupied his post for more than one year has seriously hurt the prestige of this institution, to the detriment of the national security of the Romanian state.

The signatory parties request Romania's president to urgently submit to Parliament a proposal with the name of the person to be interviewed in connection with his investiture as SRI director, an absolutely obligatory procedure in the spirit of observing the law.

Likewise, they reserve the right to submit to the relevant parliamentary commissions draft bills on changing certain normative acts, such as the Penal Code and the Law on the SRI Organization and Functioning, since these changes appear imminent in the wake of these debates.

This document is signed by the parliamentary groups of the Democratic Party (National Salvation Front), the National Peasant Christian Democratic Party, the Democratic Union of Hungarians in Romania, the Liberal Party 1993, the Social Democratic Party of Romania, the Romanian Ecology Party, the Civic Alliance Party, and the National Liberal Party-Democratic Convention.

Effects of Non-Admittance to NATO Viewed

AU2209105593 Bucharest EXPRES MAGAZIN No. 36
in Romanian 15-22 Sep 93 p 3

[Article by Ion Cristoiu: "Good-Bye NATO!"]

[Excerpts] It is not for the first time that I say that, swamped by our own domestic policy, we are no longer able to look around us astutely and at the great events happening in Europe and in the world. Undoubtedly, this blindness is dangerous. Nationalist-extremist elements make much ado about the fact that Romania may not bear in mind what is happening at a distance, or close to our borders. Throughout our history, however, experience has taught us that Romania cannot afford such a thing. As a small country, located at the crossroads of empires, it was obliged to coordinate its foreign and even its domestic policy in accordance with the major changes in Europe and world-wide. This is why I believe that watching the events around Romania carefully should be an essential element of our domestic policy. Moreover, these events and the way our country is coping with them should be the aim of a more intensive preoccupation on behalf of the political parties and parliament. Unfortunately, as could be noted so far, few of the parties' news conferences and few of the parliament meetings discuss recent international events or Romania's reaction to them. As under former governments, under the Vacaroiu government, Romania's foreign policy is left exclusively to our foreign minister. This does not mean that this minister is not fulfilling his tasks correctly. What I want to say is that his own activity would have a greater impact if, under certain circumstances, he would benefit from a clear and lucid position of the political parties and parliament on certain Romanian foreign initiatives

and assessments. I am saying this because, under Romania's specific conditions, foreign events may often have a much stronger effect at home than the battles between parties or the mergers and splits in our turbulent political arena.

Recently, the Romanian political class was busy with parliamentary discussions on corruption, the presentation of the SRI [Romanian Intelligence Service] report, with the pressure exerted by the PUNR [Romanian National Unity Party] on the government, and with other major and minor domestic events. Attracted by the rattle of these events, we did not pay due attention to an event that took place on 10 September. Speaking at the London Institute for International and Strategic Studies, NATO Secretary General Manfred Woerner, said: "NATO is not a closed club. I think that the time has come to open up more tangible prospects for Central and East European countries that want to join us."

This statement has a dual meaning. Both for Europe and Romania. For Europe, the meaning is clear. We are witnessing a new historic moment. NATO was set up on 4 April 1949 in Washington. The document was signed by the United States, Canada, France, Great Britain, Luxembourg, Denmark, Iceland, Italy, Norway, Portugal, the Netherlands, and Belgium. On 18 February 1952, Turkey and Greece joined the Pact and the FRG on 5 May 1955. The Washington event was the culminating point of negotiations which had begun on 17 March 1948 when France, Great Britain, Belgium, the Netherlands, and Luxembourg signed a Treaty of Mutual Assistance in Brussels. As in the case of the Marshall Plan, the problem was posed of how the United States may participate in defending Western Europe against the Russian offensive by bearing in mind the firm U.S. traditions of not getting involved in the affairs of our continent. Consequently, great difficulties emerge when the U.S. Congress has to be persuaded. Following a great battle fought by Truman, on 11 June 1948, the U.S. Congress adopted a motion whereby the United States of America was able to join the Treaty of Brussels. After being set up, NATO actually benefited from half a billion dollars on behalf of the United States. The treaty signed in Washington stipulated that an armed attack against one of the signatories was viewed as an attack against all sides. Along with the Marshall Plan, the setting up of NATO was part of a number of Western initiatives designed to counteract the huge communist offensive against the West. [passage omitted]

Until the collapse of communism, NATO was the enemy number one in Eastern and Central Europe. [passage omitted]

Seen from this angle, we realize the historic proportions of Manfred Woerner's statement in connection with opening NATO for some countries of the former communist bloc. What seemed unimaginable during Stalin's time and impossible during Gorbachev's time has happened. The prospect of including into NATO countries considered to be on the other side of barricade seems

close. One can conduct lengthy discussions on the causes that have led to this spectacular change. Undoubtedly, the main cause must be sought in the collapse of communism and the end of the cold war. There is, however, a more relevant cause. It can be explained by the fact that a long time after the end of the cold war, NATO decisionmakers firmly refused to open the Alliance to the East. And this cause has to be sought in Moscow's suspicion toward a possible inclusion into NATO of some countries that had been its vassals.

Recently, during Boris Yeltsin's visit to Poland, Russia signaled that it had nothing against certain Central and Eastern European countries joining NATO. Having a green light from Moscow, NATO leaders are already seriously thinking of expanding the Alliance.

As I emphasized before, Manfred Woerner's statement is also of significant importance for Romania. As could be noted, the Central and Eastern European countries that, for the time being, are being considered for admittance to NATO are only Czechia, Slovakia, Poland, and Hungary. The countries that are left out are: Romania, Albania, and Bulgaria. The following question is raised for us in Romania: Why are we, for the time being, being kept at a distance from the borders of NATO? Prompted by hasty judgment, we would say that the reason for NATO's caution is explained by its mistrust in Bucharest's regime. I say hasty judgment, because, in fact, this is not the main reason. In Bulgaria, for instance, rightist parties are in power. The same holds true for Albania. But neither Bulgaria, nor Albania are considered—for the time being—for admittance to NATO. Thus the color of the regime is not the deciding factor on NATO's position toward the Central and East European countries. There are different criteria because of which Romania, Albania, and Bulgaria have been refused. One of them, naturally, refers to Moscow's interests in Romania and Bulgaria. As far as Bulgaria is concerned, Russia wants, by all means, to keep it within its sphere of influence. This is Russia's way to stay in control. It is also clear-cut that Russia is also not interested in Romania's admittance to NATO. Contrary to all illusions, Moscow does not want to give up the Republic of Moldova. Its return to a new Tsarist empire, a modernized empire termed the Community of Independent States, is part of Russia's strategy. From this point of view, Romania's Westernization would represent the main danger for the Kremlin. A Romania that would completely belong to Europe and be part of NATO would be a great attraction for the Republic of Moldova. It would be something like the attraction of the FRG for the former GDR [German Democratic Republic]. Consequently, the main opponent of Romania's joining NATO is Russia. On the other hand, the West, currently concerned with not defying Russian nationalism too much and not playing into the hands of Yeltsin's opponents, cannot help bearing this interest in mind. A thing that is not too difficult for NATO as long as—from a strategic point of view—Romania is currently not an extremely important area. The NATO flank in this area

of Europe is covered by Turkey. Therefore, Romania's admittance is not a matter of life and death for NATO.

Aside from the question of the causes of NATO's position toward us, it is disturbing to note the consequences of the fact that NATO's border stops at the border of our country. Even if the admittance of Czechia, Slovakia, Poland, and Hungary is just a hypothetical stage, we can say that the fact that Romania remains outside NATO will have quite important consequences not only in terms of Romania's place in the world, but also for our domestic political activity. For almost four years now, the unrest and confusion in our country can be blamed on the fact that a large part of the population is not convinced of the complete break with the past. Under the current circumstances, there are great fears that things may turn back. The restoration attempts of late confirm these fears. Romania's admittance to NATO would have stopped for good Romanian fears regarding the possibility of turning back the wheel of history. It would have been clear that, irrespective of the political color of those in power, the establishment of a communist dictatorship would have been excluded. Being outside this pact, Romania will continue to be an area of questions and all sorts of unrest, something that will not ensure the stability desired by all our citizens. NATO's prudence toward us also contributes to the reappearance of the former Romanian terror that, through their games, the great powers will leave us again within Russia's sphere of influence. Given this suspicion, it will be more difficult for democracy and the market economy to triumph. The forces interested in a pro-Russian policy will seek new arguments for hope.

If we consider the increasingly clear-cut trends toward the restoration of the former Soviet Union, NATO's position toward us makes us ask ourselves again whether Malta was not a trite repetition of the Yalta betrayal?

Editorial Blames SRI Itself for 'Poor Image'

AU2209134393 Bucharest EVENIMENTUL ZILEI in Romanian 15 Sep 93 p 1

[Editorial by Ion Cristoiu: "Who Spoils the Image of the Romanian Intelligence Service?"]

[Text] There is no doubt to my mind that plenary sessions are of no use to the Romanian Parliament. It seems that the show-off instincts of those who get to the rostrum grow proportionally in relation to the number of parliamentary colleagues listening to them, or at least pretending to do so. If you add to this—thanks to the unending direct broadcasting on the radio—the potential listeners all over the country, the need to behave in an electoral manner, that is demagogically, reaches frightening peaks. At least one can hardly doubt this as far as Corneliu Vadim Tudor [Greater Romania Party-PRM senator] and Adrian Paunescu [Socialist Party of Labor-PSM senator] are concerned. Since they labor under the delusion that "the country is listening" to them, they are ready to do anything just to get to the microphone in

order to talk. This is one of the explanations for the total inefficiency of the two days of discussion of the Romanian Intelligence Service [SRI] report. On Tuesday afternoon, when the session ended in the famous style of the party meetings with a speech by the presidium president, Adrian Nastase, we were as baffled about the SRI activity to date, as we were on Monday [13 September] at noon [0900 GMT], at the start of the debates.

In spite of all this, behind the mountains of endless parliamentary words, one could notice the recurrence of a main line, namely that the SRI has a poor image in Romanian society. Virgil Magureanu [SRI director] complained of that, as well as the representatives of the parliamentary majority. When they finished bemoaning their bad luck, they wiped their eyes and turned to counterattack. All of a sudden, guilty for this image are all those who have criticized and continue to criticize the SRI. The SRI director dramatically declaimed, at the end of the proceedings, that the SRI has been attacked "in an occult and shameless manner." Let us admit that that was the case. Let us admit that we, too, those who kept the SRI under a constant and lucid watch, have also been occasionally wrong to blame it for all the ills of Romanian society. Does that mean that the SRI is totally blameless for its poor public image? We will answer that with an example. After the SRI report was handed over to the specialized parliamentary commission, the document found its way to the press, although we have all been warned that the text of the document should only be seen by the accredited members of the commission, at least for a while. At that time, the incident caused much hullabaloo. The SRI leadership announced that it will find out and disclose the name of the guilty party who leaked the document to the press [to daily ADEVARUL]. The freshly appointed president of the Parliamentary Control Commission of SRI Activity, Senator Vasile Vacaru [of the Social Democracy Party of Romania-PDSR], promised that he will spare no effort until he finds out, from his own investigations, the man who betrayed such a state secret. Moreover, he even swore—metaphorically of course—that he will skin the guilty one alive. The scandal was justified. How can one talk about real protection of vital information for the national security, when even the SRI's secret report was stealthily leaked to the press? Given the great seriousness of the event, we would have expected to hear, during the two days of discussion, how the report got to the press. Not from Vasile Vacaru, since he does not earn his pay as secret agent, but from Virgil Magureanu, director of an institution financed from the budget, that is from everybody's pocket, so that it can uncover things better and faster than others. Well, we waited in vain. Virgil Magureanu did not make known the name of the person guilty for that leakage, nor the way in which the document was leaked. It is not impossible that the SRI has found out how the secret report was released to the press and by whom. It is not excluded that, out of certain interests that Virgil Magureanu considers to belong to the realm of national security, he reached the conclusion that he should make no disclosures. What is certain is

that the silence about the way in which the report has reached the press cast some doubts on the SRI's efficiency. I just gave an example, one single example of a case in which the SRI itself was guilty for its own poor public image. To this example, one can add many others. Among the public, the SRI enjoys the image of an institution that does not maintain the necessary equidistance toward the various parties in the country's political landscape. Virgil Magureanu blamed that on an unjust campaign waged

against his institution by certain journalists and politicians. At no time did he ask himself what the SRI and its leadership did to convince the press, the parties, and the population that they are above petty political struggles. For instance, what did it do to end the suspicions that the many documents published by the nationalist-extremist press come from the SRI? The answer is: nothing. Consequently, the cries about SRI's poor image are superfluous and demagogic at the same time.

**Foreign Media Bulletin: Balkan Crisis 23
September**

WA2309161693

The following is an overview of current FBIS reporting on events in the Balkans. It supplements other FBIS reporting and consists primarily of selected summaries of longer reports. For reference purposes, serial numbers of the longer reports are provided.

SUMMARY

Bosnian Serb leader Karadzic, Croatian President Tudjman differ over agreement on Bosnian Serb access to Adriatic Sea ... International mediators Owen and Stoltenberg say peacekeeping forces that would enforce peace plan could be withdrawn after two years ... Cazin Municipal Assembly rejects autonomy initiative ... Serbian Radical Party leader Seselj accuses Socialist Party members of complicity in rebellion by Serbian soldiers in Banja Luka ... Croats reject UN Secretary General Butrus-Ghali's proposal for extending UNPROFOR mandate in Croatia, suggest NATO may be asked to take over UNPROFOR role.

DIPLOMATIC

KARADZIC, TUDJMAN DIFFER OVER AGREEMENT (TANJUG, Mostar Radio): Bosnian Serb leader Karadzic announces agreement with Croatian Government to exchange part of "Dubrovnik hinterland" in Bosnia for Croatian territory along Adriatic coast, but Croatian President Tudjman denies that such an agreement occurred, saying that he only agreed to "negotiate

the possibility" of such an arrangement after Croat-FRY relations are "fully normalized." (LD2209142093, LD2209190293)

PEACEKEEPERS COULD WITHDRAW IN 2 YEARS (AFP): International mediators Owen and Stoltenberg say "great majority" of any peacekeeping forces that would be sent to Bosnia to enforce a peace agreement "could be withdrawn within two years." Mediators estimate 50,000 troops would be needed to maintain peace if settlement is reached by three sides. (AU2209151593)

POLITICAL

ASSEMBLY REJECTS CAZIN AUTONOMY (Sarajevo Radio): Cazin Municipal Assembly rejects plan by Bosnian Presidency member Abdic to proclaim "autonomous region of western Bosnia" in order to remove Muslim enclave from Bosnian President Izetbegovic's authority. (AU2209192193)

SESELJ: SOCIALISTS INVOLVED IN REBELLION (Belgrade TV): Serbian Radical Party leader Seselj accuses "group of Socialist Party members led by Radmilo Bogdanovic" of being "directly involved" in fomenting rebellion by Bosnian Serb soldiers in Banja Luka. Bogdanovic denies leading "any group" within party or having any interest in events in Banja Luka. (AU2209200193, AU22092049)

UNPROFOR

CROATS REJECT BUTRUS-GHALI PROPOSAL (Zagreb Radio): Croatian Government rejects proposal by UN Secretary General Butrus-Ghali to extend UNPROFOR's mandate for six months without any changes in its task. Croatian Ambassador to UN Nobilo suggests NATO may be asked to take over for UNPROFOR because of its "credibility and strength." (LD2209194393, LD2309094593)

Assembly To Discuss Plan on 28 Sep in Sarajevo

*AU2309104093 Sarajevo Radio Bosnia-Herzegovina
Network in Serbo-Croatian 1000 GMT 23 Sep 93*

[Text] We have just received the news that the Bosnia-Herzegovina Assembly session will open at 1400 in Sarajevo on Tuesday, 28 September. This time has been agreed on at today's meeting of the chairman of the Chamber of Citizens, the secretary general of the Bosnia-Herzegovina Assembly, and the chairman of the deputies' clubs.

The Assembly will discuss the draft peace proposal for Bosnia-Herzegovina. The Bosnia-Herzegovina Assembly deputies have been forwarded public invitations to attend the session on Tuesday [21 September].

Karadzic Announces Agreement on Access to Sea

*LD2209142093 Belgrade TANJUG Domestic Service in
Serbo-Croatian 1342 GMT 22 Sep 93*

[Text] Banja Luka, 22 September (TANJUG)—Discussing the results of negotiations held aboard the British aircraft carrier *Invincible*, President of the republic of Srpska Radovan Karadzic today stated that the republic of Srpska had gained access to the sea.

Karadzic told journalist in Banja Luka that in those negotiations the Serbs gained access to the sea adjacent to the Montenegrin border, from Molunat down to Ostrit. On the basis of these negotiations, the Croatian side will get a part of the Dubrovnik hinterland.

According to him, the talks aboard the ship came as a surprise since a preliminary round of talks was expected to be held first in view of the fact that the Muslim side was dissatisfied with the solutions.

The Serbian side gave up a part of territory near Medjedja, along the river Drina, although it was mostly Croats and Muslims who crossed swords at the negotiations, he said.

Karadzic expressed his conviction that the peace agreement will be signed "because there are indications that the Muslim side will accept it."

He stressed though that the republic of Srpska would withdraw from Geneva negotiations and return to its starting positions if the negotiations fail.

Tudjman Denies Agreement

*LD2209190293 Mostar Croatian Radio Herceg-Bosna
in Serbo-Croatian 1600 GMT 22 Sep 93*

[Text] Our correspondent Linda Milisa reports from Sibenik on what has really been agreed aboard the British aircraft-carrier "Invincible" in the Adriatic:

[Milisa] The discussion aboard the British aircraft-carrier "Invincible" focussed on a Muslim port on the Neretva river. This was confirmed by President Tudjman's spokesperson Vesna Ozbolt-Skaro in a statement

to Zagreb 101 Radio [local independent Zagreb radio]. She added that a location for the port near Celjevo [between Metkovic and Capljina] was discussed. Vesna Ozbolt-Skaro said that the future Muslim port would not be territorially linked with the Muslim republic.

All Serbian media today broadcast a statement by Radovan Karadzic, who returned to Banja Luka from his trip to Belgrade and to the "Invincible," saying that the Serbs achieved yet another tactical victory. Karadzic stated that an agreement had been reached with the Croats on the Bosnian Serbs' access to the sea. Serbs, Karadzic said, gained access to the sea in the area adjacent to the Montenegrin border, between Molunat and Ostri Rt, in exchange for the Dubrovnik hinterland.

Tudjman's spokesperson has denied Karadzic's statement. The president's stand, she said, remains unchanged: the president is ready to negotiate the possibility of giving this part of Prevlaka, but only after Serbia and Montenegro recognize Croatia within its internationally-recognized borders and after relations between Croatia on the one side and Serbia and Montenegro on the other are fully normalized.

Serbs Withdraw 'Concession' to Muslims

*LD2209171593 Belgrade TANJUG Domestic Service in
Serbo-Croatian 1605 GMT 22 Sep 93*

[Text] Belgrade, 22 Sep (TANJUG)—At the negotiations aboard the "Invincible" the Serbian delegation made one concession which had to be revoked before its departure, since the Muslim side did not want to sign the Geneva peace package despite this, speaker of the assembly of the republic of Srpska Momcilo Krajisnik said today.

Talking to a TANJUG reporter, Krajisnik denied some journalists' claims that the Serbs have ceded a further 2 percent of territory.

"We offered the Muslims a corridor in eastern Bosnia in the Ustipraca-Visegrad-Rogatica triangle. We demanded, however, the right bank of the Drina near Gorazde in return," Krajisnik said.

"This is a concession, but it is within the framework of an overall agreement envisaging an exchange of territories without significantly altering the agreed division of Bosnia in terms of percentages. This means no change in terms of percentages, since this difference can be expressed in fractions of one percent," he made it clear.

Krajisnik noted that "the Serbs have made great efforts and a number of concessions to resolve the problem of territorial concessions and signing the peace agreement. This is what they did this time too since they are committed to peace and a political solution to the crisis.

"We had, however, to revoke this last concession since the Muslims did not want to sign the agreement as they were insisting on further negotiations. We understand

that the Muslims accept what has been offered, but they do not want to sign it as they constantly raise new demands.

"That is why we have suggested that working groups in charge of demarcation be set up and start operating. They will be tasked with drawing demarcation lines in the area of Brcko and Bosanska Krajina, the Neretva valley, eastern Bosnia and in Ozren."

Krajisnik explained what this means in reality, citing the example of Brcko. "It is in our mutual interest to set out in precise terms from which side the Muslims will have access to the town and what kind of communication links the Serbs will have," he said.

Asked whether it is true that Serb access to the sea is a condition normalizing Croatia-Yugoslavia relations and whether this means that the republic of Serb Krajina is being "sacrificed," Krajisnik replied that "the republic of Srpska does not wish to resolve its problems at the expense of the republic of Serb Krajina or by bypassing it."

"Croatia is demanding this, but we do not wish to link the natural right of the Serbs with that problem. The fate of the republic of Srpska and the republic of Serb Krajina is shared and therefore we wish to resolve it as a single problem; hence, in the declaration we accepted an interim two-year period," he added.

"The republic of Serb Krajina has not been sacrificed and has not been abandoned to its fate, as some have interpreted it, nor has it been threatened by the resolution of the Bosnian crisis which we are advocating," Krajisnik categorically said.

Asked what can be expected from the Muslim Assembly which is to be held next week, Krajisnik replied that he personally believes there will again be no definite decision.

"Various outcomes are possible, but, if we look at the behavior of the Muslim side so far, in order to avoid being blamed for the breakdown of negotiations, they are most likely going to try to postpone settlement and thus open up possibilities for fresh blackmailing," Krajisnik explained.

In case the Muslims continue to reject signing the Geneva package, that will, as he said, "force the Serbs to follow their own path."

"We are not going to wait for their signature for much longer. If they continue with blackmailing and procrastinating we will seek independence for the republic of Srpska, with a demand that talks be held on this basis on all contentious issues, including territorial ones," Krajisnik concluded.

Cazin Municipal Assembly Rejects Autonomy Initiative

AU2209192193 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 22 Sep 93

[Text] Back to domestic topics. First, information that the deputies of the Cazin Municipal Assembly have again rejected the initiative for the establishment of an autonomous region of western Bosnia which was initiated in Bihac County by Fikret Abdic.

In a statement released from the extraordinary session of the municipal assembly—which is in permanent session—Fikret Abdic has been denied the right to present the Bihac region to the world in this way. Moreover, the Presidency of Bosnia-Herzegovina is requested to take a stand toward Abdic's latest appearance in the Frame Over Frame [Slikom na sliku] program of Croatian Television broadcast on 16 September.

All the citizens of Cazin and the Bihac County are asked to lend support to the legitimate bodies and the 5th Corps of the Bosnia-Herzegovina Army in defending and implementing the law in our country.

Army Scores Military Successes Against HVO

AU2209154793 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 22 Sep 93

[Report by 4th Corps Information Service]

[Text] The past day in the 4th Corps zone of responsibility has been marked by [words indistinct] extremist, joint forces of the Croatian Defense Council [HVO] and the Croatian Army both along the demarcation lines and civilian settlements where new, heavy damage and civilian casualties occurred. The demarcation lines with the aggressor's forces—established by units of the 4th Corps in the course of their successful operations to lift the blockade of Mostar—are strong, stable, and under the complete control of our forces, which are currently engaged in the further strengthening of their positions.

Significant military successes—the liberation of the entire Rascani suburb, gaining control of the dam of the Mostar hydroelectric power station, and the capture of significant positions formerly controlled by the HVO and the Croatian Army on Bulevar, more precisely in the region of Sljemovac—provide a strong incentive for the Bosnia-Herzegovina Army members to persevere in lifting the blockade of their city, which is unparalleled in terms of its cruelty and its consequences.

In the zone of responsibility of [words indistinct] of the free parts of the city and the defense lines, the enemy Ustasha forces used tanks, howitzers, and mortars to fire several hundred shells. This was supported by constant anti-aircraft machinegun, anti-aircraft gun, and sniper fire. Fierce infantry battles were waged in the region of Sljemovac, where the ustasha tried—with strong artillery support—to regain their former positions. However,

their attempts were thwarted and the units of the Centar Operative Group are in complete control of the same [words indistinct].

Yesterday, in the zone of responsibility of the South-1 Operative Group, enemy HVO units and the Croatian Army used heavy artillery against Blagaj, Koser, and Malo Polje. They launched 16 howitzer shells at the villages, and used heavy weaponry of all calibers to fire a total of 130 shells. The positions of the South-1 Operative Group came under fierce antiaircraft gun, antiaircraft machinegun, and sniper fire from the positions of the Ustasha extremists.

Early this morning, sometime after 0500, a multiple rocket launcher fired 12 shells at Kosor, but the defenders are in full control of all their positions. In the South-2 zone of responsibility yesterday was relatively quiet with only sporadic 82 mm mortar fire directed against (?Dracevice). The North-1 Operative Group observed ustasha artillery fire directed at [words indistinct]. [Words indistinct] who sustained shrapnel wounds [words indistinct] in residential areas.

Last night, the Croatian extremists—practicing their genocidal policy of ethnic cleansing—expelled another 66 people, mostly women, children, and older men, from the western parts of the city, including Centar-2, Splitska, and Rudnik. This has been 4th Corps Information Service reporting for Radio Television Bosnia-Herzegovina.

Army Gives Examples of Serb-Croat Cooperation

AU2309111893 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 23 Sep 93

[Text] The Bosnia-Herzegovina Army Press Center has been authorized to issue the following statement by the 6th Corps:

It is becoming increasingly obvious that the HVO extremists in (?Sentenj) on the hills on the left bank of the Neretva River overlooking Konjic have been losing the ground from under their feet together with the belief in that for which they betrayed the Bosnia-Herzegovina Army, attacked their town and its people, and finally entered a shameful coalition with the chetniks, the mortal enemies of the Muslim and Croatian people.

Giving in to fascism and finding themselves cornered, they have apparently forgotten their own people and the 700 fellow fighters captured in the clashes between the HVO and the Bosnia-Herzegovina Army in the Konjic commune.

[Words indistinct] the HVO and the chetniks from Nevesinje. Even though they share the fascist ideology, their alliance is not of an ideological nature, but rather of convenience. It is known for a fact that the HVO units from Zabrdje and Turija have on several occasions bought arms and ammunition for fuel from the Serbian formations in Nevesinje.

A tanker of oil was the price that the chetniks asked for in order to allow a four-member HVO delegation to cross through the Nevesinje territory. The delegation was travelling to attend the proclamation of the self-styled Croatian republic of Herceg-Bosna. The delegation members included Ivan Azinovic, chairman of the HVO for Konjic, and Niko Peric from Hrasnica. Peric and the others returned to Turija, but Azinovic never came back. So, after Zvonko Zonko, another HVO leader has deserted those whom he led in the battle for Boban's little parastate. Azinovic apparently did not dare return across the Serbian territory since he was in the meantime proclaimed a war criminal by the Serbian side. Both the civilians and fighters in Zabrdje and Turija were embittered as it became clear to them that they had again been tricked. The oil intended for them was used to pay for the escape of the HVO leader, while they remain left to their own devices.

The other example of cooperation with the chetniks was not quite so successful. Obviously it was not paid for adequately as the escape of Ivan Azinovic was. Two months ago, Dario Raic was wounded when he handled a gun ineptly. Together with three other wounded, among whom was the son of Zlatan Markovic, he was sent to Nevesinje. Whether he ever got there or was eliminated by the chetniks on the way remains unclear, but one thing is certain: The bodies of all four of them were returned to Zabrdje the following day. The excuse was that they had stumbled upon an ambush by the Bosnia-Herzegovina Army, but nobody really believed that. Most people in Turija and Zabrdje know that their wounded were killed by their allies.

The story about an alleged ambush by the Bosnia-Herzegovina Army fighters is spread around only by the most extreme elements of the HVO military police in this region. Among these extremists policemen, the so-called 12 apostles are particularly prominent. They are led by Anto Cubela, Zeljko Blazevic, Mario Matic, and Ivica Rajic. Their followers burned the house of Zdravko Andjelic Pega, when he surrendered to the Bosnia-Herzegovina Army fighters. Andjelic was never forgiven his open display of sympathy for the Bosnia-Herzegovina Army even while he was fighting in the HVO formations.

So! This is just to show a bit of the atmosphere that reigns among those who hide behind sniper sights and seek to kill the innocent citizens of Konjic. They find them, too, among the innocent women, children, old folk, Croats, Serbs, and Muslims equally.

This is said in the statement by the Bosnia-Herzegovina Army 6th Corps.

Muslim Forces Reportedly Use 'Poison Gases'

LD2309101593 Zagreb Radio Croatia Network in Serbo-Croatian 0800 GMT 23 Sep 93

[Report by Zdenko Vranjes from Mostar]

[Text] Except for sporadic fire from infantry weapons and occasional shell explosions there has been no large-scale direct combat in Mostar this morning. Overnight, HVO [Croatian Defense Council] units prevented an attempted breakthrough by three Muslim commando groups in the Rastani suburb north of Mostar, the HVO General Staff announced. No infantry breakthroughs into the town center by Muslim forces were registered overnight, despite long-range fire by both sides.

There was no heavy fighting around Gornji Vakuf either. The only reports were of provocations by Muslim forces using infantry weapons. In central Bosnia Muslim artillery pounded villages between Kiseljak and Fojnica. In its attacks on Busovaca the Muslim army again used poison gases. In Novi Travnik two civilians were injured by sniper fire.

Travnik Faces 'Starvation, Epidemics'

AU2209192793 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 22 Sep 93

[Report by Travnik War Presidency Information Center]

[Text] The Travnik War Presidency warns the Presidency and the Government of the Republic of Bosnia-Herzegovina, the UNHCR, and other humanitarian organizations of the serious situation in the Travnik commune, which is being threatened by starvation and epidemics.

These appeals have been repeated several times, but, unfortunately, without any effect, as no adequate humanitarian aid has reached Travnik in over five months. Moreover, as the roads are blocked, there are no goods available for commercial sale. In these hard times, the Travnik commune is home to 100,000 people, 25,000 of whom are refugees. All attempts at normalizing life through self-organization will yield no results, because apart from food and medicine, Travnik also lacks the basic energy requirements.

The precarious situation in Travnik is intensifying with the approaching winter. That is why the Travnik War Presidency requests an urgent response in the form of concrete help, particularly from UNHCR headquarters in Zenica, which is in charge of the Travnik commune.

Army, UNPROFOR Discuss Situation on Mt. Igman

AU2209195993 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 22 Sep 93

[Text] The problems and new solutions necessary for a maintenance of the stable situation on Mt. Igman were discussed in Sarajevo today by representatives of the Bosnia-Herzegovina Army and the Sarajevo Sector of the UN Protection Forces [UNPROFOR]. The UN representatives were headed by General [name indistinct]. Stjepan Siber, deputy commander of the Bosnia-Herzegovina Army, Mustafa Hajrulahovic, member of

the Supreme Command Headquarters, and Vahid Karavelic, commander of the 1st Corps, made up our delegation. The Bosnia-Herzegovina Army Press Center has issued details of the talks.

During the talks it was stressed that the agreement on Mt. Igman was generally being observed, but that there were still problems that needed to be resolved in regular contacts with the UNPROFOR representatives and in bilateral meetings with the representatives of the Serbian aggressor.

Certain new details were agreed that should facilitate the functioning of the checkpoints on Mt. Igman, particularly in the regions of Brezovaca and Ajisnik. Other problems regarding the violations of the cease-fire by the Serbian aggressor were also discussed. These violations have recently been registered in the regions of Zuc and Golo Brdo.

The principles and the realization of the demands made by the [words indistinct] of the Bosnia-Herzegovina Army were agreed upon in principle. These demands are significant for solving the survival problems of Gorazde and Zepa, and they are connected to postal communications, the evacuation of the severely wounded, and certain humanitarian issues.

Deputy Commander 'Certain' of 'Unified' Country

AU2209142893 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 22 Sep 93

[Report by Nedžad Leko on news conference by Stjepan Siber, deputy commander to the General Staff of the Bosnia-Herzegovina Army Supreme Command, on 22 September in Sarajevo—recorded]

[Text] [Leko] At the start of the press conference, Stjepan Siber showed the map drawn up by Lord Owen and Stoltenberg, and reminded those present that clashes were actually taking place now around the notionally called border towns.

[Siber] I would like to draw your attention to Mostar. According to this map, the entire city of Mostar should be given to the Bosnian state. You have heard the statement by Mate Boban that Mostar must be the capital of Herceg-Bosna. Apart from this, the [artificial borders], and you can see this red line, Gornji Vakuf, Bugojno, Novi Travnik, Vitez, and Busovaca, since it is obvious that there is an attempt at establishing a state that has still not been accepted and signed according to an international agreement as a state or three states within the union of Bosnia-Herzegovina. [sentence as heard]

The information that I received this morning from these crisis points on the ground indicate that fighting has flared up there, while most of these regions are almost totally quiet. [sentence as heard]

Two nights ago it was said that I was somewhere in Herzegovina, that I and Rasim Delic were ordering the troops to attack Mostar. Last night, and perhaps the day before, Radio Herceg-Bosna broadcast that I was in command of the troops in the clashes in central Bosnia, whereas I have not left Sarajevo since 6 July.

[Leko] Explaining the aims of the operations undertaken in these days by our Army, Siber said:

[Siber] You know well, if you are receiving information, that the population and the Bosnia-Herzegovina Army fighters are totally surrounded in the old part of Vitez, that the HVO of central Bosnia has set an ultimatum that the Bosnia-Herzegovina Army soldiers and the entire population surrender there. Our Army is defending the free territory and all the citizens on the free territory. That is why we have undertaken certain operations to alleviate the suffering of our people in Mostar, and to weaken somewhat the attacks by the HVO on the city of Mostar. Therefore, whatever the Bosnia-Herzegovina Army does, it does to protect the population, but it wants strictly to observe all the agreements.

[Leko] How will the Army behave when it comes to accepting the Geneva agreement? This was one of the questions asked by the foreign correspondents.

[Siber] The Army will obey our Supreme Command. For the Bosnia-Herzegovina Army fighters and all the people on the free territories [words indistinct]. I say that this is a desire for a unified Bosnia-Herzegovina. This is the wish of our people, and we are the representatives of the people. However, whatever our Supreme Command and the Parliament decide we will observe.

[Leko] Foreign correspondents were particularly interested in Stjepan Siber's vision of the future of Bosnia.

[Siber] I am certain that our children and grandchildren will see Bosnia-Herzegovina as a real unified country as it appears on the map. I am certain that all nations manage to eliminate leaders who lead them badly and wrongly, and—not in 20 years' time but much sooner—they will understand that this war was unnecessary and that it benefited only others and not the people of Bosnia-Herzegovina.

Bihac Serbs Reject Geneva Peace Plan

LD2209201093 Belgrade TANJUG Domestic Service in Serbo-Croatian 1707 GMT 22 Sep 93

[Excerpt] Bihac, 22 Sep (TANJUG)—The assembly of the Serb municipality of Bihac today sent a letter to the presidency, the assembly, and the negotiating team of the republic of Srpska protesting against the fact that under the Geneva package "the ethnically Serb areas" in the Bihac region and the town itself have been given to the Muslims.

The letter says that at its session two days ago the assembly of the Serb municipality of Bihac rejected the Geneva solution.

"No signatures will be binding for us and we will consider them invalid. Only the Serb people can make decisions about the borders of its state. We have defended this area with our blood and will not allow it to be used as a bargaining chip," the letter stresses. [passage omitted]

Army, UNPROFOR Sign Agreement*LD2209210993 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 22 Sep 93*

[Text] Brigadier Rahim Ademi, deputy commander of the Croatian Army's Gaspic operational area, and Colonel Calvin, commander of UNPROFOR's [UN Protection Forces] Canadian battalion, have signed a final agreement on the demarcation line in the villages south of Gaspic within the pink zones which are now under the control of UNPROFOR as a buffer between the Croatian Army and the Serbian paramilitary units.

The Croatian Army has taken its positions and [word indistinct] contacts established between the Croatian Army commanders and UNPROFOR, the Croatian Army's department for political activity announced. All misunderstandings surrounding the deployment of UNPROFOR forces have been settled. The signing of the agreement with the Canadian battalion commander was also attended by General Mladen Markac, commander of the police forces of the Ministry of Internal Affairs.

Boban Comments on Results of Peace Talks*AU2209165793 Zagreb VECERNJI LIST in Serbo-Croatian 22 Sep 93 p 3*

[Interview with Mate Boban, leader of the Croatian community of Herceg-Bosna, by S. Lovrencic in Mostar; date not given]

[Text] *After his return from the latest round of negotiations held aboard the British aircraft carrier Invincible, we asked Mate Boban, president of the Croatian community of Herceg-Bosna, for a short interview.*

[Lovrencic] A complete accord was not achieved. What is the essential reason for this?

[Boban] The Muslims did not agree to the proposed "Geneva package." They based all their demands on Neum. This time they did not come up with any other demands, because it seems that the Serbian negotiators have agreed to make certain concessions in eastern Bosnia in the closed negotiations that went on for several hours. There were no other negotiations. The Muslim negotiators insisted on Neum. Later, Izetbegovic mentioned some kind of tourist infrastructure, hotel construction and the like, as if investing capital in Neum or any other city on the Croatian Adriatic coast were banned. This will be possible once open competition for capital investment in tourist complexes is made public.

[Lovrencic] It was established that the negotiations would resume. When and where?

[Boban] Presumably Izetbegovic will again assemble the Muslim parliament extended with their intellectuals and representatives of the opposition parties. He will then disclose the results of the talks aboard the Invincible, and then the parliament will decide whether the Muslim

delegation will sign the Geneva agreement. The continuation of negotiations depends on the Muslim side. The Serbian negotiators have announced that they will wait until Monday for the results of the Muslim parliament, after which they will withdraw all the concessions they have so far granted the Muslim side.

[Lovrencic] Izetbegovic has not given up on the sea. Are we talking only of Neum, or is there something else?

[Boban] I believe that the Muslims are using Serbian tactics from earlier phases of the negotiations. They are postponing decisions by using the parliament and its right to participate in making decisions. This is just an excuse. The Muslim army's goal is to capture new territory in the course of the next eight days through an offensive launched while the talks were in progress. By putting forth unjustified and unrealistic territorial demands, the Muslim side is avoiding signing the peace package and is opting for war. However, in order not to take the blame for prolonging the war and bloodshed in Bosnia-Herzegovina in the eyes of the world, they are advancing unacceptable demands and constantly asking for new postponements and the Muslim parliament decision. These are *deja vu* tactics.

[Lovrencic] Is the Croatian side ready to make certain concessions and changes to the Geneva agreement?

[Boban] We stressed that we were ready to sign the agreement in order to stop the war and preserve human lives. However, any change to the agreement makes topical our demands regarding Croatian historical regions, as well as concessions which we have already made in order to achieve peace in Bosnia-Herzegovina.

Ambassador to UN on Use of NATO Troops*LD2309094593 Zagreb Radio Croatia Network in Serbo-Croatian 0700 GMT 23 Sep 93*

[Text] Croatian ambassador to the United Nations Dr. Mario Nobilo was a guest last night in the Slikom na Sliku current affairs programme of Croatian television. Asked if this time Croatia would again accept something that does not suit the country, Ambassador Nobilo said: I think that we did not call anyone's bluff on the last two occasions and that in return we gained something that is not immediately recognizable but is very valuable. I refer here to the definition in line with the international law of the status of the occupied territories.

Now that this issue has been resolved Croatia wishes to settle the problem on similar principles. This time we must be told in no uncertain terms whether the [UN Protection Forces] mandate will be changed or not, and whether the UN Security Council will pass a resolution which will be much sharper and more powerful than the report by the UN secretary general. Otherwise Croatia will be forced to deny hospitality to UN forces thus raising the possibility that if NATO units become involved in Bosnia-Herzegovina our request will also have to be met to use them in Croatia so that with their

credibility and strength they help to implement UN resolutions and the Vance plan.

Defense Council Rejects Butrus-Ghali's Report

LD2209194393 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 22 Sep 93

[Text] The 25th session of the Defense and National Security Council was held last night with the Dr. Franjo Tudjman, the president of the Republic of Croatia, in the chair. The council was informed about the latest report by the UN Secretary General Butrus-Ghali, to the Security Council, dated 20 September and dealing with the extension of UNPROFOR [UN Protection Forces] mandate.

In his report, Butrus-Ghali recommends that the UNPROFOR mandate be extended for another six months, but without any important changes in its tasks. On several occasions, and especially in a letter to the secretary general from the president of the Republic, the Republic of Croatia clearly stated that it cannot accept a unilateral extension of the UNPROFOR mandate and the secretary general was therefore, expected to consider and propose changes as a way of ensuring that relevant UN Security Council resolutions were implemented. However, the report does not refer to any of the Croatian demands, except that it accepts the [Croatian] suggestion politically to divide the UNPROFOR mandate into three operations: For Croatia, for Bosnia-Herzegovina, and for Macedonia. The report completely ignores Croatian demands for the return of so-called pink zones, for disarming and disbanding Serbian paramilitary units, and fails to outline the time-scale for incorporating the UN Protected Areas into the constitutional-legal system of the Republic of Croatia.

In response to the report, the Defense and National Security Council expresses dissatisfaction, and considers as unacceptable for the Republic of Croatia the decision to extend the UNPROFOR mandate under the terms proposed by the secretary general. If the UN Security Council endorses the secretary general's report in its

present form, Croatia will be forced to cancel the UNPROFOR mandate and to ask for its units to be withdrawn from Croatia by 30 November 1993.

The council also suggested that both the government and the Croatian Assembly should urgently discuss the secretary general's report.

In conclusion, the Council endorsed a proposal by the government's relevant ministry for preparatory work to start on the construction of the Cicarija railway tunnel, which will link Istria with the rest of Croatia and Europe.

Army Kills Two Serbian 'Terrorists' Near Zadar

LD2209164993 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 22 Sep 93

[Text] In yesterday's attacks on Zadar and Biograd the Croatian Army, having lodged a number of protests with UNPROFOR [UN Protection Forces], was forced to return fire and target enemy positions. One aggressor tank was damaged and a number of Serbian terrorists were put out of action.

Two days ago, on 20 September, while attempting to capture two Serbian terrorists, the Croatian Army was forced to liquidate these infiltrated chetniks. Their documents reveal that they were terrorists from the Obrenovac area in Serbia.

WHO Warns of Hepatitis Epidemics in Area

LD2209192593 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 22 Sep 93

[Text] In a statement today, the Zagreb-based WHO [World Health Organization] regional office drew attention to an epidemic of Hepatitis A in parts of Bosnia-Herzegovina and in UN Protected Areas in Croatia. It is said in the statement that WHO doctors in Sarajevo daily register 10 new cases, and are appealing to donors to send gamma-globulins and water purifying tablets to the population in the most affected areas.

Ministry Sues Jelincic Over Maribor Cache

AU2209155793 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 22 Sep 93

[Text] The Defense Ministry will press charges against State Chamber deputy Zmago Jelincic because of his statement that the members of the 1st Special Brigade Moris had been allegedly transporting arms from Maribor Airport in the days prior to the discovery of the illegal arms cache there. The ministry dismissed this claim as false and stressed that the arms warehouse at Maribor Airport had been carefully guarded prior to the discovery, while the key was kept by Airport Director Bruno Kermavc, who is one of the suspects in the investigation.

Drnovsek on 'Basic Directives' of Economic Policy

AU2209171993 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 22 Sep 93

[Text] Slovene Prime Minister Dr. Janez Drnovsek and a team of economic ministers attended today's session of the Managerial Board of the Economic Chamber, at which the current economic situation was discussed. They presented the basic directives of the economic policy for the coming year. Sonja Znidarsic reports:

[Begin Znidarsic recording] The examination, also by the economics experts, confirms that in the present circumstances no major economic policy changes are possible. The economic results prove that we are on the right track, provided that we consistently persevere on all fronts, Drnovsek stated among other things.

The excessive growth of salaries is the most worrying thing at the moment. The regulation of them within the collective agreement has again triggered their increase. Dagmar Suster, president of the Economic Chamber, called upon all the managers present to observe the collective agreements. At the same time he drew attention to numerous other problems that are troubling the economy. First, he mentioned the excessive level of public expenditure, which is this year 20 percent higher than last, the excessively high level of interest rates, and the exchange rate policy. Suster added here that the Economic Chamber does not favor devaluation, but merely a more accelerated slide that would give an impetus to exports, which the results show are not at all

satisfactory. He also stressed that the positions of the government and businessmen are to a great extent coordinated on nearly all the key economic issues, but said that it would be good if there were also some concrete answers to the problems.

Prime Minister Drnovsek agreed that public expenditure is too high in comparison with GNP. However, the fact is that nobody will allow his rights to be taken away from him. But in establishing the economic policy for the coming year the government is trying to do its utmost to ease the burden on the price of labor and reduce the contributions of the economy toward the financing of public expenditure. In light of this, indirect taxes would have to increase while the contributions from salaries would decrease.

The government is aware that interest rates continue to be too high. In the absence of any active response for their reduction from the commercial banks, more decisive measures will have to be contemplated, Drnovsek said. As we have heard, the Chamber supports the envisaged reduction of negative interest rates [pasivna obrestna mera]. However, the Chamber also warns of the possibility of the resurrection of the gray market.

The architects of economic policy and businessmen are unanimous that exports hold the key to achieving greater economic growth. However, opinions as to how the desired goals should be attained are more varied. Prime Minister Drnovsek here warned that the usual expectations from exchange rate policy are too great as a constant increase in the exchange rate does not produce results, such actions usually backfiring in the form of higher inflation. The government will insist on a further lowering of inflation, as it does not intend to gamble away the successes accomplished in this field.

The government, therefore, does not intend to yield on prices policy. However, it will gradually continue to coordinate prices in the infrastructure and in the public sector.

The prime minister announced a stormy autumn and a heated debate among consumers. Namely, despite road tollars [funds intended for the construction of highways] and greater defense expenditure, the government will, we heard, do everything possible to reduce the ratio of public expenditure to GNP in the coming year. [end recording]

Federal

Seselj: Socialists Involved in Banja Luka Events

AU2209200193 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 22 Sep 93

[Excerpts] The Federal Assembly has today passed a law on the Yugoslav Army, which spent several months in the committee stages. The law was passed by the Chamber of Citizens today, while the Chamber of Republics had adopted it in July.

To recap, this law stipulates that conscripts do their national service for 12 months, but if they wish to spend the time in the Army without bearing arms, they must serve a double term. Young men enter the Army when they reach 21 years of age, except for those studying at university who must enter at the age of 27 at the latest. [passage omitted]

Here is a report by Dnevnik's reporter:

[Begin recording] [Vasiljevic] The general debate about the proposed law on the Yugoslav Army in the Chamber of Citizens lasted for a full two hours. The first to ask to speak was [leader of the Serbian Radical Party] Vojislav Seselj, who immediately proclaimed that his party would not support this law, as it continues to be dissatisfied with the overall situation in the Army, which, according to Seselj, has not shown a significant change even with this year's replacement of generals. Seselj said that not all the colonels have been replaced, such as Ljubodrag Stojadinovic, commander of the Information Service of the General Staff, and Aleksandar Dimitrijevic, head of the Security Service [of the General Staff]. Seselj accused the Communist Alliance-Movement for Yugoslavia and a group of Socialists, led by Radmilo Bogdanovic, of being directly involved in the events in Banja Luka:

[Begin Seselj recording] Strings have been pulled in Belgrade and it has been the Communist Alliance-Movement for Yugoslavia, the Security Service of the General Staff, and a group of Socialists pulling them. We have never claimed that the entire Socialist Party was doing this but merely one group. Now, whether this group is big or small we do not know for sure, but we know that the group is headed by Radmilo Bogdanovic, one of the leaders of the Socialist Party. [end recording]

[passage omitted]

Bogdanovic Denies Involvement

AU2209204993 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 22 Sep 93

[Interview with Radmilo Bogdanovic, vice chairman of the FRY [Federal Republic of Yugoslavia] Assembly Chamber of Republics by Sonja Djuric; place and date not given;—recorded]

[Excerpt] [Djuric] Mr. Bogdanovic, at the session of the Chamber of Citizens, the leader of the Serbian Radicals

[Vojislav Seselj] accused you of heading a group of Socialists, who played a decisive role in the events in Banja Luka. You were unable to reply at the session of the Chamber of Citizens because you are a deputy in another chamber, that is, the Chamber of the Republics. Please tell us, how justified are these accusations?

[Bogdanovic] Thank you for giving me the opportunity to speak publicly. This is the second time that the leader of the Serbian Radicals has attacked and blamed me in my absence. The first time was with his statement to which I was unfortunately compelled to respond, and the second occasion was in a chamber in which I am not present and am thus unable to reply to him, which is something that he likes very much.

Let me say first of all that I do not lead any group of Socialists. I am a member of the leadership of the Socialist Party. I have learned of the events in Banja Luka from the press and television. Not even today do I know [pauses] ...well, I hope that they will resolve it themselves in the direction in which they started to resolve it, namely, starting with the president of the Serbian Republic. Therefore, there has been no involvement on my behalf and even less have I or any group, as the leader of the Serbian Radicals once called us, of hard-liners or a hardline faction within the Socialist Party participated in the events in Banja Luka. Therefore, neither a group nor a hardline exists, and nor am I leading any group that would concern itself with any issues, especially the Banja Luka case. [passage omitted]

Federal Assembly Passes Law on Defense

LD2209214293 Belgrade TANJUG Domestic Service in Serbo-Croatian 1942 GMT 22 Sep 93

[Text] Belgrade, 22 Sep (TANJUG)—The Federal Assembly today passed the law on defense. The law was given the green light in the Chamber of Republics as early as June.

This law provides conditions for the introduction of a model of the country's defense, which will be developed as a state function rather than the ideological concept of all-people's defense.

Under this law, the federal assembly is authorized to directly declare a threat of war, a state of war, and a state of emergency across the entire country.

The law provides for the rights and duties of the Federal Republic of Yugoslavia president, Supreme Defense Council, Federal Government, Defense Ministry, and other state bodies in defending the country.

It specifies that no one will have the right to agree to or sign the capitulation of the country, to recognize or accept the occupation of the country or any of its parts, or to stop its citizens from fighting an attacking enemy.

The adoption of the law was preceded by a wide-ranging debate in which deputies of the Democratic Party of Montenegro Socialists [DPS] attempted to persuade

other deputies to endorse their stand that before a state of emergency is declared in a federal unit, its assembly should be consulted.

In insisting on this provision, Milan Gajovic, head of the DPS deputy club, appealed for tolerance and compromise over fundamental issues of importance for the stability of the common state.

Deputies of the Social Democratic Party of Montenegro [SDP] were most vociferous in criticizing the law, which they described as providing a wide scope for suspending democracy, as being a unitary rather than federal law and as excluding the parliament from any supervision of the army and defense.

Ratko Marovic of the Socialist Party of Serbia accused the SDP of lamenting for the old federal model from the time of Kardelj [Tito's main ideologue] and stressed that the federation could not be partner to republics that have their own armed forces.

The majority of deputies failed to endorse any of the similar amendments.

Financial Situation Threatens Bankruptcies

AU2209110593 Belgrade POLITIKA in Serbo-Croatian 15 Sep 93 p 11

[Report by Lj. Cudomirovic: "Banks Are Facing Bankruptcy"]

[Text] Even a cursory glance at this year's periodical balance-sheet of Yugoslav banking shows that the financial results are so unfavorable that, according to the unanimous assessment of the Executive Board of the Association of Yugoslav Banks, an urgent meeting with the Federal Government and the National Bank of Yugoslavia is necessary.

Such a conclusion was corroborated at yesterday's meeting of the Executive Board by numerous data, showing unambiguously that even if the sanctions were to be lifted, a small part of the surviving economy, or rather firms, simply would not have a single solid bank to go to for either the foreign market, or for the home market.

"The general position of our economy, whose destiny any banking house will, or, I should say, has to share, the existing sanctions, as well as many adopted economic measures that, despite the best intentions also produced some negative effects, which have additionally accumulated, will make a serious impact on banks, or rather on their business results, hitting them like a ton of bricks," said Zlatan Perucic, director general of Beobanka, vividly describing the current position of banks. According to his opinion, at the same time those same banks are expected to give further support to production and the healthy part of economy, while everything might end in the total disintegration of banking systems, if certain

measures, which have led our banking from a customarily difficult situation into a hopeless one, are not urgently reconsidered.

The position of banks is much worse than a look at the balance-sheet even shows, because it is only the precise analysis of the balance-sheet that would show that all our banks are insolvent, and that the consequences of such a result might be disastrous not only for banks, but also above all for their founders and depositors.

"The situation is disastrous, but still under control," runs yesterday's cynical remark of Zivota Mihajlovic, chairman of the Executive Board and director general of Vojvodjanska Banka, resounding among the participants as a good piece of sick humor. However, regarding Mihajlovic's opinion, even if his remark were to be accepted as logical and true from the economic point of view—while actually being both economically and logically absurd—it would be hard to explain, and even harder to justify in terms of economy the fact that firms working at 20 percent of their capacity are considered to be successful.

Marko Steljc, director general of Jubanka-Jugobanka from Belgrade, reduced the entire issue to the question: "Do we really believe we can remedy such a diseased economy by strictly repressive measures, that, for instance, propose also huge limitations of interest rates? I am convinced we are not," Steljc concluded.

Yesterday's meeting of bankers resulted in an agreement that before the urgent meeting with the representatives of the federal and republic governments takes place, the bankers ought to negotiate with the National Bank how to make some economic and financial measures agreeable in terms of goals of economic policy, while at the same time diminishing the current, almost insoluble difficulties in banking. Only after that, given the mutually harmonized attitudes, would the bankers from both the National Bank and business banking try to find a mutual language with the federal and republican Governments regarding the still disputed issues. Nevertheless, at yesterday's meeting it was underlined once more that the bankers do support the general policy of recovering the economic situation to the extent that this is possible, and in those terms they do not intend to make the situation more complicated for either the federal or the republic governments.

Serbia

Commentary Views Divisions in Ruling Party

AU2309111493 Belgrade BORBA in Serbo-Croatian 14 Sep 93 p 14

[Commentary by Cvijetin Milivojevic: "A Test of Milosevic's Patience"]

[Text] Since the junior party team left the political stream almost one year ago, following the principle

"youth is no greater handicap than old age," there have probably never been so many speculations about the imminent breach in the Socialist Party of Serbia [SPS] than in recent days.

From the regional boards of the ruling party (Pozarevac, Loznica, Pancevo, Paracin, Nis, Kikinda, Leskovac, smoldering discords in Kosovo) the news has been coming in that the local interparty breaches among the socialists are so deep that not even the frequent excursions "in the field" by top people of the SPS can help smooth them away. Regarding the names, functions, and the length of party membership of people in the conflicting wing, one can draw a simplified conclusion, based on most of examples, that the issue is about a general misunderstanding between "deserving personalities" accompanied by "veterans of anti-bureaucratic revolution" and the section conditionally defined as the young forces.

Fractions and Minorities

Of course, the Executive Board of the SPS denies that theory, as well as the seriousness of the degree to which the breach has deepened. Statements are strictly official and usually generalized, while the basic motive is to prevent the issue's leaving the interparty sphere. "The Main Board considers the issue to be solely a problem of our party, and it will be dealt with in accordance with the Statute of the SPS," is the answer most usually repeated by Ivica Dacic, spokesman of the ruling party.

The official attitude of the SPS is that "no division into young and old forces in the party exists." However, as we have been informed by reliable sources, this problem might be put on the agenda of the Main Board, but probably not for 15 days.

In the meantime the activists in party's top leadership are trying to smooth away individual misunderstandings among local party leaders. Let us say they have partly succeeded in Nis, but Mile Ilic's remaining in the leading team caused the resignation of distinguished veteran socialists (Pavic, Obradovic, Ljubisa Mitrovic,...). It was in the pre- and post-congress period that ideas about the SPS drawing closer to the platform of the Social-Democratic Party were still alive. After all, that option insisted on institutionalizing the activity of fractions within the party, but a compromise was found in the Statute, in its principle allowing the establishment of minorities, that actually give few chances to their protagonists.

The Young Against the Old

The second problem in the SPS is the dissatisfaction of former leaders of the party, having been swept away by the broom of purges. Petar Skundric, Rados Smiljkovic, Bogdan Trifunovic, and Aleksandar Bakocevic formally left the top party team, while Borisav Jovic is political pensioned for the time being, despite the fact that he has been appointed vice-president. These people, who public opinion consider to be conservative forces, are even

further, although indirectly, influential in the party, which gives to the SPS the image of an intolerant party, merciless toward those that are not politically like-minded. At least officially such is the attitude toward the opposition (but not to all of it) held by some younger members of the SPS leadership. Still, it seems as if they are gradually becoming aware of dangers threatening them from the side of the radicals, as well as of those that occasional outbreaks of fondness toward certain parties of the national democratic center may bring about. On the political level, such ideas have been publicly promoted only by Nebojsa Covic, the suspended chairman of the City Board of the SPS (by the way, he still takes part in the activities of the Executive Board), who has opposed the coalition with the radicals from the very beginning.

While Covic can be considered the last Mohican for the time being, it seems that the group of younger members of the Executive Board (reportedly, Zoran Lalic has been their choice) is much greater. Their opinions on national and state issues are radical, but, on the other hand, they seem to have taken Milosevic's declaration of war on crime quite seriously. Because, the position of the economic establishment (local directors' lobbies) is a hornets' nest that, at least so far, has played a decisive role in keeping the SPS on the throne. Such a principle of connected vessels [spojene posude] is so firm that, for instance in Kosovo, the local socialists have decided to square accounts with those who do not perform their duties in accordance with their responsibilities, openly using a combination of methods of party rivalry and state violence.

Several younger people from the Executive Board (Goran Percevic, Vladimir Krsljanin, Dusanka Djogo,...) who do not have either communist traces, or involvement with Serbian state and economic "Mafia" in their records, are the part of the SPS leadership that tests the seriousness of president's intentions. If we put aside their political convictions (people say that Milosevic seriously counts on them), it is only this group (or rather Percevic) that has made a concrete drive for the highest state and party officials to account for the financial situation.

Whether this is going to remain only a social-demagogic bluff will largely depend on—speaking only in terms of the party—Milomir Minic, secretary general of the SPS, Zoran Andjelkovic, head of the SPS group of representatives in the Serbian assembly (and chief personnel officer in the SPS!), and Radmilo Bogdanovic, former police minister. That is to say, it is they who embody Milosevic's transitory connection between the anti-bureaucratic revolution and present moment that, for the first time, seriously challenges the ruling status of the SPS. Nothing new would be said if we concluded that the future course of the SPS, and consequently the personnel issues, will largely depend on Milosevic. Yet, that is the reality of the majority of parties in Serbia that are governed by a single man.

Macedonia

Zastava Considers Opening Plant in Macedonia

AU2209161593 Skopje MILS-NEWS in English
22 Sep 93

[Unattributed report: "'Yugo' To Also Be Made in Ohrid"]

[Text] At the press conference held two days ago, the director of Zastava from Kragujevac Radoljub Micic said that the possibility of organizing the assembly of vehicles in the Ohrid factory Hero Toza Dragovic has been considered.

He stated that it was not a matter of transferring the car production from Kragujevac but an increase in production and the opening of new markets.

As a result of the blockade and the shortage of spare parts, the factory from Kragujevac owes its customers 2,564 vehicles of various types, while at the moment the factory has practically no output.

Montenegro

Liberal Alliance Chairman Meets Albania's Berisha

LD2209143193 Belgrade TANJUG in Serbo-Croatian
1211 GMT 22 Sep 93

[Text] Podgorica, 22 Sep (TANJUG)—The Liberal Alliance of Montenegro [LSCG] announced today that the

party's chairman Slavko Perovic had visited Tirana yesterday for talks with the Albanian President Dr. Sali Berisha.

According to the statement, in the course of lengthy and cordial talks Albanian President Sali Berisha and the LSCG leader Slavko Perovic noted the need to do everything possible to normalize relations between Montenegro and Albania at the satisfaction of both sides. In this context LSCG chairman gave his full support to a recent visit by Montenegrin President Momir Bulatovic to the Republic of Albania and expressed hope that this was an initial but significant step in the series of steps yet to be taken.

It is said in the statement that Albanian President Berisha expressed his satisfaction with LSCG efforts to normalize Montenegro's relations with not just Albania but with all other neighbors and that the embargo imposed on Montenegro should not hamper such developments.

According to the statement, Berisha expressed satisfaction with the LSCG fundamental commitment to fight for its political goals exclusively through democratic means. He also paid tribute to the LSCG as a stabilizing factor in interreligious and interethnic relations in Montenegro.

In conclusion the two sides noted that efforts should continue to promote relations between Montenegro and Albania and expressed firm belief that such cooperation contributed to the efforts to stabilize the entire region—the LSCG statement says.